



Jacques Chirac saluting supporters at the Paris City Hall after the election.

Chirac Wins French Presidency, Ending 14-Year Socialist Reign

By William Drozdiak
Washington Post Service

PARIS — Jacques Chirac, the conservative mayor of Paris and a two-time former prime minister, succeeded Sunday in his third try to capture the French presidency with a close election victory over his Socialist rival, Lionel Jospin.

As the man chosen to guide France into the 21st century, Mr. Chirac will receive one of the most powerful mandates of any leader in a Western democracy. Besides the immense clout of the French presidency, he will be able to count on an 80 percent majority in Parliament as a result

of the conservative landslide in the 1993 legislative elections.

In his victory speech at city hall, Mr. Chirac told a crowd of delighted supporters that he would match campaign promises with action by mobilizing all of the forces at his disposal to fight against unemployment, poverty and homelessness. He vowed to set aside partisan bickering and serve as the president of all of France.

"I am fully aware of the gravity of the responsibilities I will have," Mr. Chirac said. "I am also aware of the difficulties of the tasks that await us. Like you, I want a state that is strong, impartial, demanding of itself and concerned about the best use

of public funds — a state that does not isolate those who govern from those who have chosen them."

Within an hour after polls closed, Mr. Jospin conceded when early returns showed that Mr. Chirac was a clear winner with about 52 percent of the vote to his 48 percent. The Socialist underdog had stunned even his most ardent supporters by finishing first in the elimination round two weeks ago. He appeared satisfied with his showing in the run-off even though he failed to expand his support beyond the left's traditional constituencies.

"I felt a profound movement of renewal building up around my candidacy and my

proposals," Mr. Jospin said as he offered congratulations to his Gaullist foe. "It was not enough for victory but it will not end here because it carries hopes."

After a bitter campaign against Prime Minister Edouard Balladur that rocked the conservative alliance, Mr. Chirac managed to rally the right's divided legions by stressing that real change could occur only if there was a clean break with the Socialist control of the presidency following François Mitterrand's 14 years in power.

As president-elect, Mr. Chirac will make his first official appearance Monday. He

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Quick Fixes Are Needed With No 'State of Grace'

By Joseph Fitchett
International Herald Tribune

PARIS — Embarking on seven years of conservative leadership, Jacques Chirac emerged Sunday as a president who will face severe difficulties in tackling the problems that have accumulated during the declining years of President François Mitterrand.

Mr. Chirac campaigned on a call for change, saying that 14 years of Socialist

NEWS ANALYSIS

control had left France in a vacuum of ideas and a mood of grievances, uncertainties and even fear of change.

Both candidates in this election held out hope that changes can revive the country's optimism and momentum. While this theme carried Lionel Jospin, the Socialist candidate, to growing exhilaration among his followers, Mr. Chirac never seemed to dissipate the near-antipathy among voters — what a pollster

called "a lack of desire" — that has always dogged him.

As a result, "the Chirac government will not be given a state of grace," according to Jean-Marc Lech, a pollster who correctly called the outcome of the voting. Previous presidents have been given a breathing space to get organized.

Anticipating these difficulties, Mr. Chirac has pledged to reach out beyond his own Gaullist party to include center-rightists in his government, and his aides predicted Sunday that a strong cabinet team would help ensure that Mr. Chirac will establish personal authority that carries the country with him.

"We need some quick fixes, highly symbolic, to show our hearts are in the right place while we settle down to the tough choices," according to a Chirac aide who expects a government post. He has urged Mr. Chirac to order a crash public building program providing cheap shelter for many of France's homeless people, whose plight has be-

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Bundesbank Prescription For the Ailing U.S. Dollar

Deficit and Savings Need 'Addressing'

By Nathaniel C. Nash
New York Times Service

FRANKFURT — The beleaguered U.S. dollar will not rise in value against the Japanese yen and the German mark until the Clinton administration and the U.S. Congress take steps to reverse America's declining savings rate and reduce the country's ever-growing budget deficit, the head of Germany's central bank says.

"The problems for me are clear: low savings ratio, relatively high budget deficit, no absolute assurance it will come down in the long run, and a high net debtor position," said Hans Tietmeyer, president of the Bundesbank. "These are the points that have to be addressed."

Mr. Tietmeyer said that even though current American economic performance — low inflation, moderating growth and a soaring stock market — did not justify the dollar's 13 percent decline against the mark this year, currency speculators were no longer basing their buy or sell decisions on current economic factors alone.

"It is not only the presence of the current deficit that seems to concern the markets, but also the prospect for the future," Mr. Tietmeyer said. "The markets seem to think that there is not enough correction on the way as far as these fundamentals are concerned. The markets of today are more and more looking to the future."

Mr. Tietmeyer spoke extensively about his views on the dollar and the recent gyrations in the world currency markets in an interview in his office late last week.

While he repeatedly said that he did not want to meddle in the internal policy-making process of the United States, and therefore, would not make comments on specific legislation, he nevertheless was not shy in criticizing the United States for making little progress in finding a long-term solution to bringing down future deficits.

His remarks followed by a little more than a week a tension-filled meeting in Washington of the finance ministers and central bank heads of the Group of Seven

industrialized countries. The falling dollar has driven the cost of German and Japanese exports up, causing outcry by industries in those countries. But also in Europe, many blame the weak dollar for dragging down other currencies such as the French franc, Italian lira and Spanish peseta.

Thus, almost all of America's major trading partners are calling for corrective actions that will bolster market confidence.

Criticism of American policy has been particularly sharp from Germany, where Chancellor Helmut Kohl, Finance Minister Theo Waigel and Mr. Tietmeyer have repeatedly pointed at American policy and said it was coming up short.

Mr. Tietmeyer said there was no coordinated plan on the part of the German government to finger-point at Washington, but he acknowledged that he did not remember such outspoken criticism from Germany of U.S. policy since the early 1980s, when American deficits ballooned under President Ronald Reagan's tax cuts and military buildup.

"I am not interested in interfering in the policy of the United States," the Bundesbank chief said. "I am only saying that it is important to understand what are the problems behind the dollar's low value, and that the markets are not only looking at the present problems but they are looking always at what will happen in the future."

Mr. Tietmeyer said several times that "every country has to take care of its own currency," and that a strong dollar is in the interest of the United States as well as the world, since it is the world's reserve currency.

While he would not predict when or if the markets would shift more in favor of the dollar, he said he believed that the Clinton administration had finally understood that the dollar needed strengthening.

"I believe that the United States administration now has a clear policy of saying that it is interested not in a weak dollar but a strong dollar," Mr. Tietmeyer said.

Clinton Is Advised to Set Tariffs in Japan Auto Dispute

By David E. Sanger
New York Times Service

WASHINGTON — President Bill Clinton's top economic advisers have recommended that he impose record-breaking sanctions against Japanese imports, chiefly automobile parts, in retaliation for Tokyo's refusal to open the Japanese automotive market to America.

The recommendation came at a two-hour meeting of the National Economic Council on Saturday, after last-minute negotiations broke down Friday night between the U.S. trade representative, Mickey Kantor, and Japan's minister of international trade and industry, Ryuzo Hashimoto.

The centerpiece of the retaliation is expected to be tariffs ranging up to 100 percent on billions of dollars' worth of

Risk to Markets Seen

If the United States follows through on its threat to initiate trade sanctions against Japan, financial markets will head for an upset, analysts warn. Carl Gewirtz reports, Page 13.

Japanese automobile-related imports. Automotive goods accounted for more than 55 percent of the United States' \$66 billion trade deficit with Japan last year.

American officials would not specify the total value of the products subject to sanctions, but it has been reported that the initial range could be from \$5 billion to \$10 billion. However, the figure is likely to be reduced during a review process.

Mr. Kantor declined to describe the specific recommendations forwarded to the

president but said that a range of actions was "unanimously agreed to after a thorough review, but very little debate." Administration officials said they expected Mr. Clinton to approve the action before he leaves for Moscow on Monday.

But the formal announcement may be delayed for several days, while officials refine a draft list of goods that would be subject to the heavy tax.

They will also be considering the possibility of broader, non-tariff sanctions against Japanese industry. While the administration has not indicated what non-tariff sanctions it is considering, they could include restrictions on Japanese investment.

Under U.S. trade law, the tariffs cannot go into effect for at least 30 days, giving American companies a chance to review the list and seek the removal of items that

cannot be obtained from non-Japanese suppliers.

As a matter of political as well as practical reality, however, the sanctions are unlikely to go into effect until late June. The delay is designed to maximize pressure on Tokyo to resolve the dispute when Mr. Clinton and Prime Minister Tomichi Murayama meet at the annual summit meeting of the Group of Seven leading industrialized nations next month in Halifax, Nova Scotia.

Most trade disputes are settled on the brink, and U.S. officials said they hoped a deal could be struck in Halifax, if not before then. But they insisted that they were not bluffing.

"The president is very determined in this matter," Mr. Kantor said. "This has gone

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Europe Consigns an Era of War to History

By John Darnton
New York Times Service

LONDON — At a Victory in Europe Day exhibition at the Imperial War Museum, crowds have been transfixed by a special clock and an electronic digital counter. Every 3.33 seconds the counter clicks up one more number. One revolution of the clock equals five clicks.

The counter is tallying the number who died from wars this century. The clock was started in June 1989 and it will not reach its goal until midnight on the eve of the year 2000. One hundred million clicks.

The museum-goers are coming to grips with what many historians see as the central fact of the 20th century: War.

Increasingly, the 75-year period from 1914 to 1989, covering two world wars and the Cold War, is being seen by historians as a single, discrete epoch, a time apart in which much of the world was fighting war, recovering from war or preparing for war.

In that spirit the explosion of ceremonies marking the 50th anniversary of the Allied victory over Germany in Europe during World War II can be seen as an effort to consign the epoch to history. Here there is a flood of reminiscences,

lectures and concerts, speeches and prayers. Hotels are serving wartime ration cuisine, block parties will feature the music of Glenn Miller and Vera Lynn, and television is filled with the grainy black and white footage of gun batteries firing, German soldiers goosestepping through conquered lands and refugees trudging down muddy roads past bomb craters.

In Moscow, President Bill Clinton and other world leaders will join President Boris N. Yeltsin to review 4,500 World War II veterans on parade.

In Paris, President François Mitterrand

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Chinese Celebrate the 5-Day Workweek

By Steven Mufson
Washington Post Service

BEIJING — On the sixth day, Gao Wencun rested. And it was good.

Taking advantage of China's new five-day workweek, Mr. Gao, a 32-year-old painter in the auto body shop of a state-owned enterprise, basked in the spring sunshine at the Beijing Amusement Park with his family, eating honeydew flavored ice cream.

"We want to take all the rides," he said, sitting next to his wife, son, and mother-in-

law near a giant boat-shaped swing and not far from the giant Ferris wheel.

China's newly shortened workweek is a measure that Beijing's leaders hope will reduce unemployment and spread work around for the tens of millions of laborers who do nothing but are still on the payrolls of China's state-owned enterprises.

The idea of leisure is still a relatively novel one in China, where the government has driven people to speed growth and where Mao once advised that "the principle of diligence and frugality should be observed in everything."

Until last year, the legal workweek was six days. In 1994, it was trimmed to 44 hours, with millions of people working one Saturday and then having the next one off. Now, with the wave of a government wand, millions of Chinese have been liberated from the grindstone of the sixth day of work.

"More, faster, better, cheaper," was the economic slogan of the late 1950s. Now that advice could be applied to amusement park rides. The economic slogan of the Deng Xiaoping era has been: "To get rich is glorious." But to get a ride in a plastic

log on a downhill water coaster, that's really fun.

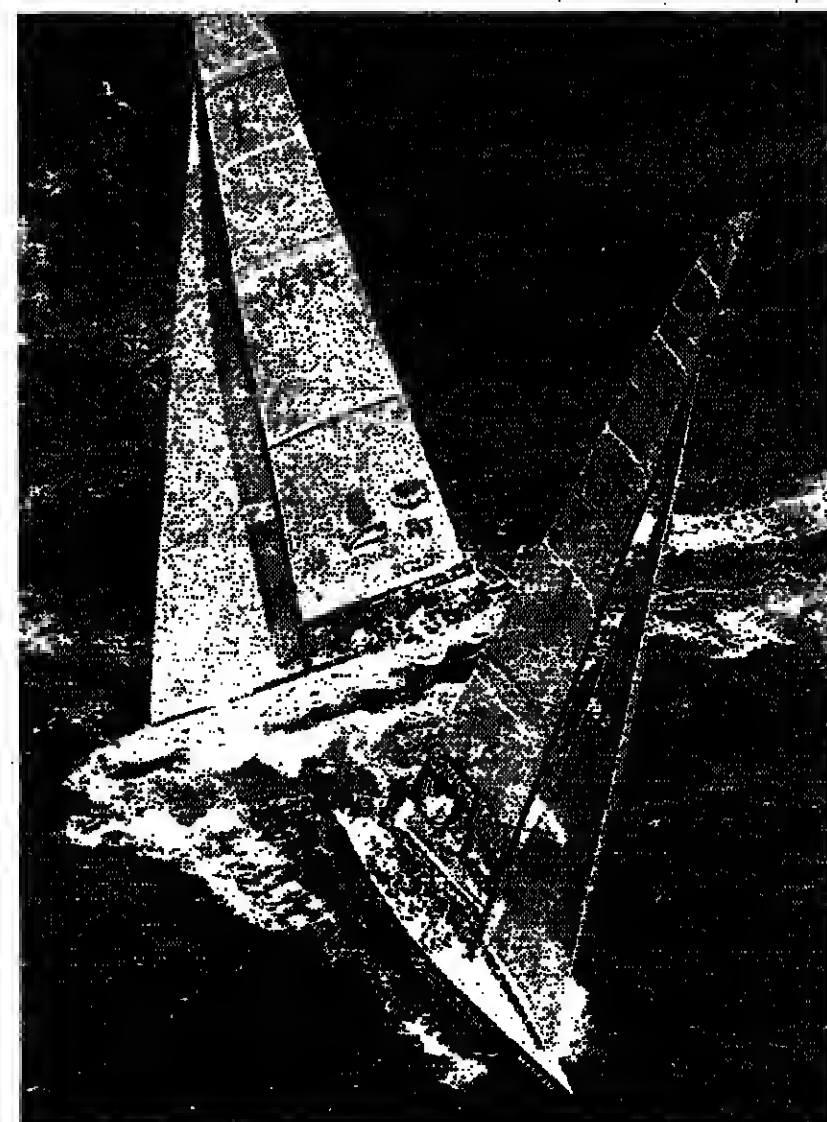
"Maybe China wants to be closer to international practice," Mr. Gao said between bites of his ice cream. He said workers in his department could still work a sixth day if they wanted to, but that few would choose to do so. "If you work an extra day, you don't get that much more benefit," he said. "You can do the same work in five days."

Indeed, according to an article in the official government China Daily, a recent poll indicated that 80 percent of working people prefer an additional day off every week to a corresponding weekly pay increase. And it does not hurt the popularity of the new law that people will receive the same monthly salaries for putting in nearly 10 percent less work.

Increasingly, Chinese people are willing to spend some of their hard-earned savings on entertainment, whereas they have traditionally spent their free time caring for pet birds, playing cards or checkers, or walking in the park. Mr. Gao spent 150 yuan

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AGENDA



CUP MAGIC — New Zealand's Black Magic 1 taking ahead of Dennis Conner's Young America en route to a victory in the America's Cup, Page 19.

U.S. Warns Russia On Iran Reactors

WASHINGTON (Reuters) — President Bill Clinton warned Sunday that Russia would be endangering its own security by selling two nuclear power reactors to Iran. His comments came in the run-up to his summit meeting Wednesday in Moscow with President Boris N. Yeltsin.

"If this sale goes forward, Russian national security can only be weakened in the long term," Mr. Clinton said in remarks prepared for delivery to the American Israel Public Affairs Committee. He leaves Monday for Moscow.

The president said the fact that Iran wanted to buy reactors and other nuclear technology — even though it has more than enough oil to meet its energy needs — plus other evidence, supported only one conclusion: "Iran is bent on building nuclear weapons."

"I believe Russia also has a powerful interest in preventing a neighbor, especially one with Iran's track record, from possessing these weapons," he said.

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An Immigration Crisis/Racism, Poverty and Fear

Europe Bridles at Its Muslims

By Craig R. Whitney
New York Times Service

PARIS — Michel Gourdin, a French baker in the northern Paris suburb of Garges-les-Bains, remembers the day a year ago when a gang of unemployed North African youths wrecked his shop in a riot.

One of the gang's members, he said, had been killed by a rival Asian group, and the North Africans, believing that the French police had let the suspected killer go, attacked the local precinct house and then all the French-owned businesses in the neighborhood.

"What I don't understand," Mr. Gourdin said, "is that some of them are involved in hard-core gang robberies and drugs. The police know who they are, but they don't do anything. I think they are afraid of provoking an even bigger explosion here if they do."

Garges is a working-class town of 45,000 people with housing projects built for refugees from France's colonial wars in North Africa. Today it has been radically transformed, like other cities throughout Europe, by Muslim immigrant families who suffer from the same problems of unemployment, high crime and bewildering social change that affect the Europeans who also live there.

Europe's struggle to integrate its minority of 10 million to 13 million Muslims is in crisis. It is more than a profound cultural conflict. It is one with grave echoes of racism, fundamentalism and fears of terrorism.

"The sad fact is that interaction is very difficult and rare," said Ian Hastings, a Briton who grew up in India and who has chosen to live in the cultural and ethnic mix that East London has become today.

From the British National Party in London's East End to Jean-Marie Le Pen's National Front in Marseille, racist far-right politicians openly appeal to white fears in the parts of Europe where local populations are being steadily replaced by immigrants.

Mr. Le Pen, a candidate in the first round of the French presidential elections last month, won 15 percent of the vote nationwide, his strongest showing in two decades.

Government crackdowns on legal and

illegal immigration in European countries have been prompted in part by the fear of right-wing demagoguery if the influx is not brought under control. Such moves have helped steal the thunder from the far-rightists in Britain and Germany.

Though urban crime and chronic high unemployment do not discriminate between Muslims and Christians in the poor European neighborhoods where the

Second of a series

local and immigrant populations coexist, they do contribute to rising tensions.

Interviews in France, Britain and Germany, three West European countries with a heavy concentration of Muslims in urban neighborhoods, show a range of attitudes toward Muslims of various cultural and ethnic backgrounds. It is estimated that there are 3 million Muslims in France, 1 million in Britain and 2 million in Germany.

In Aulnay-sous-Bois, a residential sprawl north of Paris, Communist and Socialist-dominated governments built housing projects over the years for low-income French families. Most of these apartments are now occupied by Algerian immigrants.

ONE OF the few remaining ethnic French residents of one project is Yves Hiestand, a 48-year-old accountant who has been unable to work for the last two years because of intestinal cancer. He opened the door to the stairwell on the 12th floor the other day and wrinkled his nose in disgust.

"Drug addicts," he said, pointing to discarded plastic syringes on the concrete steps and to a bloodstain on the yellow stuccoed wall. "All North Africans. The police don't even care."

The French-owned stores on the ground floor of Mr. Hiestand's building have, one by one, been bought out by North African owners who cater to their clientele with signs in Arabic. One French butcher remains.

"It's not safe to ride the buses, and taxis won't even come in here after dark," he said. "It's like being a prisoner in your own country."

Mr. Hiestand blames French social-welfare and immigration policies for cre-

ating the situation, and he supports Mr. Le Pen's far-right movement.

In Aulnay, Mr. Le Pen won 20 percent of the vote, but he came in ahead of all other candidates in more than a score of cities from Marseille to Metz, on a platform promising to send 3 million immigrants back where they came from to make room for 3 million unemployed French workers.

Such arguments may make little sense, but they appeal to racism. In fact, Islamic immigrants are among the hardest hit by France's 12.2 percent unemployment rate, with joblessness in many North African neighborhoods running at about 40 percent.

UNEMPLOYMENT IS just as big a problem in the Brick Lane neighborhood of the Tower Hamlets section of East London, once the center of the Cockney world. Today the street signs are in Bengali and English.

A total of 161,000 people live here, 37,000 of them — 23 percent — from Bangladesh, with a smattering of black African and Caribbean immigrants.

"I was born in the East End — I live here because I belong here," said Eileen Whitmarsh, a 58-year-old who lives 10 minutes from Brick Lane in a city housing project on Ellsworth Street. "I can't say we like what's going on now — the indigenous people feel like second-class citizens," she said. "They feel as if the outsiders are getting preference."

The anti-immigration British National Party has been accused of egging on clashes between skinheads and Asian gangs. Early last year, with tensions running high, newspapers predicted that local government elections in May would produce strong majorities for the party, but it was defeated, even losing the majority it had held in the Millwall district.

"The people in this area have a long history of fighting racism," said Pola Manjila Uddin, an emigrant from Bangladesh who has been a Labor Party councillor in Tower Hamlets for six years.

"It's always been a neighborhood full of immigrants — the Jews and the Irish came before us, but we have a different skin color, we stand out and we'll be here longer than those groups were," she said. "Our children are the ones who are going to determine whether we live in a racist



Like many Muslims in Europe, Turks living in poor neighborhoods in German cities have been victims of chronic unemployment and racial hatred.

society for the next 50 years, or live in a more balanced, caring community."

Unemployment in Tower Hamlets last year ran close to 27 percent, two and a half times the national average.

In Bradford, a manufacturing city 200 miles north of London, the jobless rate approaches 50 percent in some Pakistani neighborhoods, said Ralph Berry, a local councilor. There are 45,000 Pakistanis in the city, a ninth of the population.

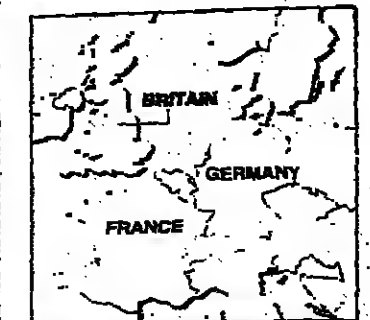
In Germany, meanwhile, two funda-

mental mosques, both in the predominantly Catholic, Rhineland city of Cologne, have been making headway in the Turkish Islamic population in Germany.

The more radical of the two runs an Islamic cultural and shopping center on the Niehler Kirchweg, in the Nippes section of Cologne. A green Islamic flag flies above it. Nippes is home to about 111,000 people, 12,000 of them Turks.

"We've always had Turkish neighbors, and we've always gotten along with

Main Muslim Enclaves



FRANCE 5 MILLION

An estimated 5 million Muslims, mostly from North Africa, out of a total population of 57 million, mainly concentrated in Paris, Lyon and Marseille.

GERMANY 2 MILLION

About 1.9 million Turks and Kurds, the great majority of them Muslim, and about 250,000 Bosnian refugees, out of a total population of 80 million. Mainly concentrated in Berlin, Cologne, Frankfurt, Hamburg and Munich.

BRITAIN 1 MILLION

About 1 million Muslims, 775,000 of them from India, Pakistan or Bangladesh, mainly in London, Birmingham and Bradford, out of total population of 58 million. There are also communities of Egyptians, Iraqis, Moroccans, Palestinians and Yemenis in London.

The New York Times

them," Regine Kerstin said. "But these people are different — the women always wear veils now, and they come on weekends to attend the Koran school."

Turks who had felt safe living in Germany suddenly felt dangerously exposed when right-wing radicals began firebombing Turkish homes in late 1992, said Vural Emre, who came from Turkey 33 years ago. More than 20 Turks and other immigrants died in such attacks between then and the end of 1993.

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Bid to Move U.S. Embassy Ruffles Israel

By Clyde Haberman
New York Times Service

JERUSALEM — In theory they should have been elated, but Israeli government leaders responded coolly Sunday — a few even icily — to efforts in the U.S. Congress to move the American Embassy in Israel from Tel Aviv to Jerusalem.

Some officials warned that the initiative by Republican congressional leaders, reported this weekend, would cast shadows over already troubled peace talks with the Palestine Liberation Organization.

In the Israeli press, an official traveling with Prime Minister Yitzhak Rabin on a visit to Washington was quoted as suggesting that the rightist Likud opposition was behind the ef-

fort in the hope of "torpedoing" peace negotiations.

Almost inevitably, Palestinians would regard a move as a statement by the United States that it had changed its long-held position and now supported Israel's claims to all of Jerusalem, including eastern precincts captured from Jordan in the 1967 Middle East war.

The Palestinians want East Jerusalem for their own capital, and the PLO chairman, Yasser Arafat, warned in Cairo on Sunday that an American move would be "dangerous."

While still far from a reality, the proposed embassy shift has added a large log to a fire of dispute over Jerusalem and its ultimate fate.

Technically, under the agreement that Israel and the PLO signed at the White House in 1993, that question does not have to be discussed before May 1996 and need not be settled until May 1999.

But in reality Jerusalem is already on the table. It has been put there by both sides through various actions, including a new Israeli project to confiscate 134 acres (55 hectares) of land in two largely Arab neighborhoods, mostly for a new police headquarters and housing for Jews.

Mr. Arafat has resisted pressure to call off the talks because of the planned seizure. But he has campaigned vigorously against the Israeli move, and at his urging the Arab League asked the United Nations Security Council on Saturday to condemn Israel for the seizure.

Since the United States opposes the idea, a Security Council debate seems doubtful. But because of the embassy issue, America's intentions and its claims to impartiality in the peace talks are being questioned anew by many Palestinians.

Over the weekend, the Senate majority leader, Bob Dole, was reported to be preparing a bill requiring that work on a new

embassy in Jerusalem begin by the end of 1996.

The reported Dole plan comes after 93 of the 100 senators sent a letter last month to the Clinton administration urging that the embassy be moved from Tel Aviv by May 1999, when negotiations are supposed to be completed. To avoid ruffling the peace talks, the administration has yet to offer a clear response.

All countries, with the exception of El Salvador and Costa Rica, have their embassies in Tel Aviv.

In principle, the Rabin government should be ecstatic that the Americans may move to Jerusalem and thereby affirm that the city is Israel's capital. But ministers sounded distinctly unenthusiastic Sunday.

Foreign Minister Shimon Peres said there was "no need for our involvement" in a prospective U.S. move, while Communications Minister Shulamit Aloni suggested that outsiders were trying to interfere with the negotiations.

"It has a smell of provocation," she said.

TRAVEL UPDATE

Hezbollah Makes Pitch to Tourists

BAALBEK, Lebanon (Reuters) — Lebanon's pro-Iranian Hezbollah Party, accused of kidnapping and killing Westerners in the 1980s, is opening its arms to tourists in the 1990s.

"Hezbollah welcomes visitors" declare large banners strung across streets this week in Baalbek, a stronghold of the Shiite Muslim group in Lebanon's eastern Bekaa Valley. The banners hang near Baalbek's Roman temples to Apollo and Bacchus, which are among Lebanon's major tourist attractions. The banners also say, "Islam is the solution to all the problems of humanity: This is the message of Hezbollah to the whole world."

Cliff Drawings in France Endangered

PARIS (AP) — Some 36,000 ancient drawings etched into stones on Mont Bego in the French Alps may disappear under the graffiti scrawls of tourists, according to a French researcher.

Henry de Lumley, director of the Museum of Natural History, said the site in the Mercantour National Park was being vandalized by visitors. The 4,000-year-old drawings depict sacred cows, their horns framing human faces.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Britain, Czech Republic, France, Philippines, Saudi Arabia, Turkey.
TUESDAY: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Sri Lanka, Tajikistan, Turkmenistan, Ukraine.
WEDNESDAY: Indonesia, Singapore.
THURSDAY: Cameroon.
FRIDAY: Denmark.
SUNDAY: Malaysia.

Sources: J.P. Morgan, Reuters.

FAA Tightens Controls on Israel Repairs

Washington Post Service

WASHINGTON — The Federal Aviation Administration has placed the main Israeli aircraft repair station under close supervision after discovering maintenance lapses on U.S.-owned Boeing 747s that had been modified in Israel, FAA officials said.

The FAA stopped short of revoking the certificate of the Bedek Aviation Division of Israeli Aircraft Industries. But under a consent agreement, outside inspectors must check all work on 747s until the Israeli government-owned company passes a new FAA inspection. U.S. regulations require FAA approval for any foreign repair station servicing U.S.-registered aircraft.

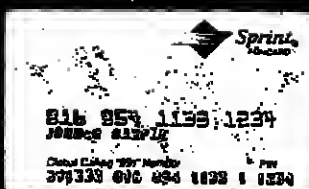
Anthony J. Broderick, the FAA's associate administrator for regulation and certification, said the FAA had decided against harsher action because the company was cooperating fully. "They were very apologetic," he said.

A routine late-March inspection of a Tower Air 747 at John F. Kennedy International Airport in New York disclosed corrosion that had been painted over rather than repaired. FAA inspectors discovered that Bedek inspectors had certified that the corrosion work had been completed.

FAA inspectors also found work certified as completed but not performed on two 747 cargo planes. In one case, a Bedek employee had certified that a certain procedure was performed in an area of an aircraft that could not be reached because of earlier modifications.

Marvin Klemow, vice president of public affairs for Israeli Aircraft Industries, said the company was eager to correct any problems and had agreed to all the FAA's proposals.

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Australia	001-800-777-1111	Germany	800-4-5877	Kenya	873	Philippines (GPH)	176
Austria	8-10-133	Greece	1164-977	Korea (South)	1-800-877-8000	Philippines (PLD)	105-011
Australia (Sydney)	1-800-311-110	Hong Kong	999-171	Laos	0065-55-877	Poland	105-011
Australia (Melbourne)	1-800-881-877	Hungary	354-4777	Latvia	0035-131	Romania	105-011
Austria	020-900-014	Iceland	191	Lithuania	0037-131	Russia (Moscow)	1-800-877-8000
Bahamas	1-800-399-3111	India	080-890-100-3	Malaysia	006-137	Saudi Arabia	1-800-877-8000
Bahrain	800-777	Indonesia	7800-1-0284	Mexico	1-800-877-8000	South Africa	1-800-877-8000
Barbados	1-800-877-8000	Iran	191-0087	Moldova	1-800-877-8000	Spain	133-4733
Belgium	0800-10014	Italy	012-0012	Montenegro	1-800-877-8000	Sweden	800-135-6133
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Bermuda	950-1266	Jordan	112	Poland	0800-121	Taiwan	173-1877
Brazil	900-4016	Kazakhstan	121	Romania	800-5016	Tanzania	1030-15
British Virgin Islands	1-800-877-8000	Kyrgyzstan	900-1877	Saudi Arabia	93-800-877-8000	Thailand	8000-177-177
Bulgaria	00-800-1010	Laos	011	Singapore	06-0067	Turkey	0043-087-187
Canada	1-800-877-8000	Lebanon	009-300-01-877	Sri Lanka	06-022-1119	U.S. Virgin Islands	1-800-877-8000
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Chile	009-0217	Lithuania	008-001-411	South Africa	001-800-877-8000	U.S. (Hawaii)	1-800-877-8000
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THE AMERICAS



Jose Caballero, an usher at the State Fair Music Hall, inspecting his damaged car in Dallas in the wake of the storm.

Away From Politics

At least 16 persons were killed in the Dallas area by a storm with torrential rains, winds of up to 70 miles an hour (110 kilometers an hour), and hailstones described as being the size of grapefruit. Most of the victims drowned when flash floods engulfed their cars, including five members of one family. Two workers were killed when a warehouse roof collapsed. Lightning struck and killed a 15-year-old boy and also caused a house fire that killed a 70-year-old woman. Four persons were reported missing and more than 100 were treated for injuries, mostly minor. Damage estimates exceeded \$400 million. (AP, Reuters)

A jury has awarded \$300,000 to the San Francisco Fire Department's first female

lieutenant, who said she was harassed, threatened and discriminated against. Ann Young charged in her lawsuit that male colleagues tried to push her off a building, threw debris from a fire at her and harassed her with pornography. She said her superiors retaliated against her for complaining. Ms. Young, 33, was one of the first four women to be hired by the department in 1987. She was made a lieutenant two years later. She went on leave in August and said she did not plan to return. (AP)

A small fire caused slight damage to the space shuttle Endeavour at Cape Canaveral, Florida, but there were no injuries. The accident happened in the hangar when an undetermined amount of hydrazine fuel leaked as technicians tried to remove a thruster. The fuel apparently was ignited by a light held by a technician, or by a thermal blanket. (AP)

An elderly Chicago woman, fearing that a bomb might be in a rental truck abandoned in her neighborhood helped the police make one of the biggest drug seizures in the city this year. Policemen uncovered cardboard boxes containing about 810 kilograms of uncut cocaine and 500 pounds of marijuana worth at least \$225 million. (AP)

An earthquake measuring 5.0 on the Richter scale shook the Palm Springs area of Southern California. No damage or injuries were reported. (AP)

Four persons, three of them children, were killed when fire gutted the top floor of a three-story apartment building in Chicago. The children, aged 2, 3 and 4, died of smoke inhalation. A 40-year-old woman was killed in a leap from a window, and six persons were injured jumping. Police suspected arson. (AP)

Fearing Federal 'Persecution,' Militias Take Cover

By Serge F. Kovaleski and Susan Schmidt
Washington Post Service

WASHINGTON — The Oregon Militia has disbanded and is destroying its records because it fears "persecution" by federal agents. Membership in a Florida paramilitary group has taken a dive. And the radio voice of the militia movement has been yanked off the airwaves.

These are tough times for a number of citizen militias across the United States. Law enforcement officials believe that one of the people charged in the bombing of an Oklahoma City federal building last month may have ties to militias in Michigan and Arizona. Those suspicions are taking a toll on segments of the self-described anti-government patriot movement, both within the ranks and in the communities where paramilitary groups operate.

Although militias have been thriving over the past year, some members are rethinking their affiliations and weighing whether the angry rhetoric and firearms fervor that the organizations espouse are too extreme.

Others, who say they are concerned about their safety, are disassociating themselves from militias altogether for fear the federal government may launch a campaign to stamp out the groups.

"We are seeing weekend warriors who participated in militias merely as an exercise of their Second Amendment rights distancing themselves from the hard core, the true ideologues of the movement, who will stay firmly entrenched," said Steven L. Gardner, research director at the Coalition for Human Dignity, a Portland, Oregon, watchdog group that tracks militias.

"While the movement has not been proven criminally responsible for the bombing, it has been indicted morally," Mr. Gardner said. "For some, the cost of being associated with such a stigma is too high."

Since the Oklahoma blast, some militias have been ostracized by local residents and carefully watched by local law enforcement authorities who previously had paid little attention to them.

"We have a higher level of vigilance and caution because we want to make sure that some

of these beliefs are not distorted into violence," said Dave Wareing, chief of operations for the Whatcom County Sheriff's Office in northeast Washington state.

He said that officers had been told to be watchful for armed individuals garbed in camouflage, cars without license plates or drivers without licenses — all of which could indicate membership in a militia or patriot group.

"We want to get a sense of whether more people are mobilizing to commit criminal acts," Mr. Wareing said.

Consequently, watchdog groups said they expected that many paramilitary outfits would start to operate more secretly by breaking up into clusters of anywhere from 5 to 15 members that are harder for law enforcement to monitor.

The founder of the Oregon Militia, Michael J. Cross, said he had decided to dissolve his group last week after he became suspicious that it had been infiltrated "to about the highest level" by individuals working for the federal government.

"All records will be destroyed," Mr. Cross said.

He added, "I said to the members if they want to form small cell groups, that would be safer than one big organization."

Mr. Cross, 28, an insurance salesman in the state capital, Salem, said that participation in the militia, which had claimed about 300 members, had dropped following the Oklahoma City attack.

Mr. Cross, who single-handedly ran the militia, said he dissolved the organization to protect himself, his family and his followers from a hostile government, which he believes was responsible for the April 19 bombing of the Alfred P. Murrah Federal Building.

He suggested that the terrorist act was carried out by a "rogue agency" to destroy documents relating to the 1993 showdown between federal agents and the Branch Davidian cult near Waco, Texas, where would not be a renewed inquiry into the case.

"If they would blow up one of their own buildings, who knows what they could do to militias," Mr. Cross said in a recent interview. He said during the interview he had been told

that an acquaintance had just been arrested by agents from the Bureau of Alcohol, Tobacco and Firearms.

"I fear for my safety and my family's safety because of misguided actions the government has taken on innocent people in Waco and other places," he said.

A leader of the Florida Patriots Network said the fallout from the bombing was affecting membership. The leader, John Adams, said that at a meeting last week of his cell group, one of a number that make up the Florida militia, only four peo-

ple came, compared with the 15 or so who regularly attend.

"This has separated the men from the boys, so to speak," Mr. Adams said. "It's very damaging, very damaging. It sets us back several years."

Militia leaders said they were trying to salvage the movement's tarnished image, which they blame on scapegoating by the federal government and biased news coverage, by being as cooperative as possible with law enforcement authorities and news organizations.

The Militia of Montana, for example, has opened its head-

Helms Seeks Cuts In Financing UN

He Would Pull U.S. Out of ILO And Slash Other Agency Funds

By Thomas W. Lippman
Washington Post Service

WASHINGTON — As Congress nears decisions on foreign aid and international operations spending, Senator Jesse Helms, chairman of the Foreign Relations Committee, has proposed terminating U.S. participation in the International Labor Organization and many other UN activities.

In a letter to the Budget Committee chairman, Senator Pete V. Domenici of New Mexico, Mr. Helms said the international affairs authorization bill prepared by his committee would seek to eliminate nearly \$100 million a year in funding ILO membership, the UN Industrial Development Organization and four smaller groups.

The North Carolina Republican also said he would recommend "terminating or greatly reducing" funds for almost every UN-sponsored organization except Unicef, saving another \$200 million a year. His targets include the UN Development Program, to which Washington contributes \$118 million yearly, the UN Fellowship Program, with an annual U.S. budget of \$100,000, the UN Population Fund, and a fund set up to carry out the Montreal Protocol on global warming.

Mr. Helms is at the center of a furious battle over funding for

U.S. activities abroad, a battle that pits the administration and some moderate members of Congress from both parties against Mr. Helms and other conservatives who seek sharp cuts in spending on the State Department, the United Nations and foreign aid.

The House International Relations Committee and the Senate Appropriations subcommittee on foreign operations have scheduled hearings this week on measures to cut foreign operations and aid spending and to reorganize the government's foreign policy apparatus, eliminating the Agency for International Development.

Apparently in the belief that the House is less committed to quick action than the Senate and time is on the administration's side there, Jill Buckley, assistant administrator of AID, has devised a strategy of "delay, postpone, obfuscate, derail," an e-mail message to AID staff members said. "If we delay we can kill the merger," it added.

The message was leaked and faxed all over Washington Friday. When gleeful Republicans circulated it, AID issued a statement that said, "Our strategy is not to delay, it is to defeat. These proposals are irresponsible."

The administration and its supporters say those who agree with Mr. Helms are shortsighted isolationists who fail to understand that the United States has global leadership responsibilities and that money spent on diplomacy now can forestall more expensive wars and disasters later.

Mr. Helms and other congressional Republicans argue that current programs are inefficient, that many UN organizations serve little purpose and international activities cannot be spared in budget-cutting.

At issue is the size of the so-called 150 account, which funds the State Department, AID and other nonmilitary government activities abroad, as well as foreign aid. The administration is seeking \$21.2 billion for fiscal 1996, almost the same as this year's allocation.

quarters in Noxon to large numbers of journalists, allowing them to come and go as they please and providing them with reams of documentation, lengthy interviews and complimentary coffee and cookies.

"We want the public to see our heart's intent," said co-founder John Trochmann, 31. He claimed that his group has not been adversely affected by the bombing and that the office continues to be flooded by inquiries from supporters seeking information about the militia.

"Our interest is the welfare of our fellow Americans."

Canada Wakes Up to Rising Home-Grown Hatred

By Anne Swardson
Washington Post Service

TORONTO — Canadians have reacted to the bombing of the federal building in Oklahoma City with horror, and not just because of the human losses. The blast also has forced this peace-loving nation to confront the fact that organized hate is on the rise in Canada.

Experts who follow hate groups here say their numbers are growing, their ties to American paramilitary and white-supremacist groups are strengthening, and they are recruiting from an ever younger, angrier base of adherents who do not rule out violence of any kind.

Whether engaging in small-scale rioting on the streets of Ottawa, stockpiling weapons in Toronto, burning crosses in Alberta or running telephone hate lines from Vancouver, Canadian extremists are raising fears that the kind of violence displayed in Oklahoma City is not out of the question north of the border.

Citing a handful of murders by people with neo-Nazi or white-supremacist connections in recent years, Stephen Scheinberg of Concordia University said, "The extreme right in Canada has already shown it is murderous. To move from there to terrorism doesn't take so great a step."

Or, as a Toronto-based neo-Nazi leader, Wolfgang Droege, put it on a television documentary aired in February: "Canada — I almost have to pinch

myself when I say this — is on a course towards chaos."

Canada's hate movement is generally believed to be disproportionately smaller than organized hate groups in the United States, and its white-supremacist and other organizations less focused on firearms than comparable American groups. More restrictive Canadian laws forbid private militias, as well as telephone hate lines and other propaganda given more con-

'Canada — I almost have to pinch myself when I say this — is on a course towards chaos.'

Wolfgang Droege, a Toronto Neo-Nazi leader.

stitutional protection in the United States.

But hate has a long history in Canada. The first Ku Klux Klan Canadian cell was founded in 1921; the first cross burnings began a few months later.

Klan adherents burned a Catholic college in Winnipeg in 1922, killing 10 students.

Only in the last five to 10 years have other major hate groups taken a foothold in Canada. In the west, the Aryan Nations has spread from Idaho into western Canada. One goal of the organization is to found an all-white country that would encompass roughly the five

most northwestern American states plus Alberta and British Columbia in Canada.

In 1990, the Canadian Aryan Nations' leader, Terry Long, organized a white-supremacist gathering in rural Provost, Alberta, that made many Canadians realize for the first time that hate was sprouting on their soil. In addition to burning a 30-foot-high cross and displaying swastikas, attendees shouted at and roughed up anti-racism protesters and members of the media.

In Toronto, the six-year-old Heritage Front is considered one of the country's most influential hate groups. Founded by Mr. Droege, it has strong appeal to young people. At a time when immigration to Canada is rising and youth unemployment is high, the front spreads its pro-white, anti-black, anti-semitic message on the grounds of Toronto-area high schools and colleges. The front claims membership of about 400, he said.

During a 1993 raid of the Toronto home of a Heritage Front member, Richard Manley, police found an AR-15 assault rifle, an Uzi automatic machine pistol, a semiautomatic Ruger Mini-14, other firearms and 2,200 rounds of armor-piercing bullets. Nearly all the cache was illegal under Canadian law. Police say they do not know why Mr. Manley was collecting the armaments.

Most of the leaders of the Canadian hate movement have American ties. Mr. Droege first entered the scene as a Canadian coordinator for a Louisiana

former Klansman, David Duke, and spent four years in Lompoc prison in California under a U.S. conviction on weapons and drug charges.

A fellow Heritage Front leader, George Burd, founded a rock band called RaHoWa (for Racial Holy War) that records for Resistance Records of Detroit. An Aryan leader, Tony McAlister, moved his Canadian Liberty Net telephone hate line to Bellingham, Washington, after he was shut down in Vancouver.

Extremist American groups may talk more about their fondness for firearms, but some of the Canadian organizations are gun-prone as well, according to Warren Kinsella, who has written a book on the subject. The Heritage Front requires its members to obtain licenses to buy guns, he said, and even though militias are illegal, he has seen paramilitary training grounds.

Hate groups here share distaste for the national government with their American counterparts. A Canadian Aryan Nations leader, Charles Scott, says the government is "conspiring to murder my kind." And Mr. Kinsella said most Canadian hate organizations "subscribe to the credo of government being a willing tool of the Zionist conspiracy." As a result, he said, a potential for domestic terrorism in Canada exists.

"All the characters I've interviewed for the last 10 years have

POLITICAL NOTES

Gingrich Cool to Abortion Measure

WASHINGTON — Newt Gingrich, the speaker of the House, said Sunday that there could be a rash of illegal abortions if Republicans pushed through a constitutional amendment to limit abortions.

The Georgia Republican, a strong opponent of abortion, said the nation needed to go through a long process of dialogue on the subject, and that simply amending the constitution might backfire.

"We have to win the argument in the country," Mr. Gingrich said in a television interview. "If all we did tomorrow morning was pass an amendment, you would have millions of women going into back alleys having abortions."

The Republican platform calls for a constitutional amendment to ban most abortions, but Republican leaders in Congress have shown little enthusiasm for bringing up the issue. Instead, they are considering legislation, such as giving the states more power to withhold funding for abortions in the case of rape or incest. (AP)

Clinton Vows to Bar Illegal Aliens

WASHINGTON — President Bill Clinton has promised to expedite deportations of illegal immigrants who are charged with breaking U.S. laws, even if they are not convicted.

"It simply doesn't make any sense for us to have illegal aliens in our custody in our courts and then let them go back to living here illegally," Mr. Clinton said Saturday in his weekly radio address. "That's wrong and we should stop it."

The president, noting that the United States is deporting about 40,000 illegal immigrants a year, also pledged to clean out a backlog of 100,000 aliens awaiting deportation proceedings by streamlining the process. (WP)

Gramm Blasts Federal 'Hammock'

WASHINGTON — Senator Phil Gramm, a Texas Republican, has blamed an "explosion" in the size of government over the past four decades for the deterioration in morality and values in America and said the only solution was to reduce the federal government sharply and give families more freedom to spend or save their own money.

In a speech designed to reassure social conservatives in the Republican Party that he will make their issues an essential part of his presidential campaign, Mr. Gramm told a college commencement audience that the social safety net erected by government by the New Deal and the Great Society had become "a hammock" that is robbing the country of freedom and virtue.

Mr. Gramm spoke at Liberty University in Lynchburg, Virginia. (WP)

Black Is Elected Mayor of Dallas

DALLAS — Ron Kirk, a former Texas secretary of state, has been elected mayor of Dallas in a landslide, becoming the first black mayor of any major city in the state.

With 865 of 875 precincts reporting, Mr. Kirk had 68,541 votes, or 62 percent. Darrell Jordan, a lawyer, trailed with 24,933 votes, or 23 percent, and City Councilman Domingo Garcia had 13,946 votes, or 13 percent.

"I've always believed that if you had to choose between making history and making sense, you ought to make sense first," said Mr. Kirk, who will be sworn in June 5. "What we did was articulate a vision that made sense to the voters of Dallas." (AP)

Quote / Unquote

Governor Pete Wilson of California, a candidate for the Republican presidential nomination, on his failure to pay Social Security taxes on a maid: "Those opponents of immigration reform who think they can use this against me to silence the debate on illegal immigration are mistaken. The voters are far more concerned with how the federal government is failing to control our borders today, than with who was hired 17 years ago to help with the housework." (NYT)

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INSTRUMENTS FOR PROFESSIONALS

AMERICAN TOPICS

20 Classic Comic Strips Get (Postage) Stamp of Approval

In commemoration of the 100th anniversary of the American comic strip, the U.S. Postal Service has issued a sheet of 20 stamps portraying classic strips over the first 50 years, from 1895 to 1945.

They are Gasoline Alley, Orphan Annie, Popeye, Blondie, Dick Tracy, Barney Google, Alley Oop, The Yellow Kid, The Katzenjammer Kids, Little Nemo in Slumberland, Bringing Up Father (Maggie and Jiggs), Krazy Kat, Rube Goldberg Inventions, Toonerville Folks, Nancy, Flash Gor-

don, Li'l Abner, Terry and the Pirates, Prince Valiant and Brenda Starr.

Although Mort Walker, the creator of Beetle Bailey, has been campaigning for comic stamps for decades, he was omitted, as was George Shulz, who draws Peanuts. With one exception, only deceased creators were eligible, though in many cases their strips live on.

The exception was Dale Messick, 89, creator of Brenda Starr, who was included as the first female illustrator to score a major success in comics.

Short Takes

Ed Means had brought his 8-year-old daughter to the office for Take Our Daughters to Work Day, only to be told that he had just been dismissed as part of a company retrenchment program. Ed Neenan, vice president of the computer software company Structural Dynamics Research Corp.

in Milford, Ohio, who gave Mr. Means the bad news, said he did not know that Mr. Means' daughter, Marisa, was in the office, and conceded that the "timing was truly regrettable." Marisa had packed a lunch and brought along some books for her day at Dad's job. Mr. Means, a systems engineering manager, said he already had one job offer — plus about 70 phone calls from reporters seeking interviews.

"On the Waterfront," the stage version of the 1954 film classic, closed on Broadway last week after a weeklong run and a loss of more than \$2.5 million. The show's original director left and had to be replaced. Two leading actors also departed. And at the show's final preview performance, one actor suffered a heart attack on stage.

Why is it possible to see the darkened part of a crescent moon? Because

of Earthshine, says the "Why Things Are" column of The Washington Post. The sun shines on the Earth, the light is reflected to the moon, then reflected back to earth — not much light, but enough. Earth, by the way, is much brighter in the sky than the moon. Earth's sea and clouds being much better reflectors than dull gray moon dust.

The Los Angeles Times columnist Jim Murray recounts how Tommy Bolt, having a bad round of golf, "had filled the water hazards with thrown clubs" and found himself on the final hole with 240 yards to the green. "What's the shot?" he asked the caddy. "A six-iron," the boy answered. "A six-iron!" roared Mr. Bolt. "How can you expect me to get there with a six-iron?" "Because it's the only club you have left, Mr. Bolt," the caddy told him.

International Herald Tribune.

For investment information read

THE MONEY REPORT every Saturday in the IHT

ASIA

After Years as 'Sick Man of Asia,' Philippines Enjoys a Healthier Economy

By Philip Shenon
New York Times Service

MANILA — It became the nightmarish symbol of a desperate nation: thousands of Filipinos swarming over a mountain of garbage as tall as a 10-story building, scavenging an Everest of rotting trash with their bare hands.

A generation of ragspickers settled in shanties atop Smokey Mountain, named for the noxious haze from methane fires smoldering beneath the refuse. Across town, Manila's rich had their own evidence of the collapse of a nation that was once the most prosperous in Southeast Asia: they could not even keep the lights on. In the early 1990s, the capital's business districts were blacked out for half the day when the antiquated power grid failed.

William Tiffany, president of Caltex Philippines, an American-owned oil company, saw the blackouts as evidence of a nation "with no direction for the future, with no commitment for sorting out its problems."

Many large foreign investors talked openly of giving up on this former American colony. But could the terrible times finally be over? Almost three years after the inauguration of Fidel V. Ramos as president, the symbols of stagnation have begun to disappear, replaced by the hope that this nation of 67 million might finally be shaking its decades-old reputation as "the sick man of Asia."

The optimism is not universal. The modern histo-

ry of the Philippines is one of lost opportunity, and Mr. Ramos's leadership has been tested this spring by the uproar over the execution in Singapore of a Filipino maid, Flor Contemplacion, 42, whose name has become a rallying cry for the nation's poor.

Many Filipinos say Mr. Ramos did not do enough to save Mrs. Contemplacion, who was convicted of two murders, from being sent to the gallows. The furor could cost Mr. Ramos's supporters at least a few seats in the Philippine Congress in elections Monday.

But the debate has not dampened the enthusiasm of many economists and foreign investors who say that under Mr. Ramos the Philippines appears to have come to the end of an era of decay that began during the dictatorship of Ferdinand E. Marcos and continued through the chaos of the presidency of Corazon C. Aquino.

The economy grew by 5.1 percent in 1994 — modest by the standards of Southeast Asia but dazzling for the Philippines — and is projected to grow by at least 6 percent this year. Exports rose in 1994 by nearly 20 percent, while commitments for foreign investment quadrupled, reaching \$2.5 billion.

Michael Tynlor, an economist with Morgan Stanley, described the accomplishments as "a truly unexpected Asian economic miracle."

Smokey Mountain is being bulldozed, and its 10,000 residents are being moved to a new housing development that will offer them running water, most for the first time.

"It will be good for my kids to have a clean house and a toilet," said Anna Mae Paronda, 33, a ragpicker with four children. Across town, the lights are back on, the result of a crash program to build electricity plants.

"The vision of President Ramos is changing the Philippines," said Mr. Tiffany, whose company plans to spend \$600 million on new oil refineries. Still, the question for Mr. Ramos is whether the problems of the Philippines are too entrenched to allow this country ever to achieve real prosperity.

While the official unemployment rate is about 9 percent, as much as one-third of the work force is considered chronically underemployed.

And there is little hope that before he leaves office in 1998 — he is permitted only one six-year term — Mr. Ramos will have made any real improvement in the lives of the poor, who have one of the highest birth rates in Asia.

The presidential residence, Malacanang Palace, has changed little since the days of Mr. Marcos, whose 20-year rule left the country in tatters by the time he was forced into exile in the United States in 1986.

The ostentatious decor beloved by the former first lady, Imelda Marcos, is at odds with the informality of the palace's newest tenant, Mr. Ramos, a cigar-chomping West Point-educated general whose decision to turn on Mr. Marcos in 1986 made him a hero of the "people power" revolt led by Mrs. Aquino. Mr. Ramos, 67, laughed when asked if the Philip-

pines could still be described as the "sick man of Asia."

"Oh, no," he said. "The sick man has been out of the hospital for a long time. And he's up and jogging."

Mr. Ramos has done much to reassure foreign investors who fled from the Philippines during the presidency of Mrs. Aquino. Her government faced almost daily coup threats from disgruntled soldiers.

An investment in the Philippines is still a gamble, of course. Investors on the southern island of Mindanao have been alarmed by a wave of violence by Muslim militants there who may have allied themselves with suspected Middle Eastern terrorists.

The anger over the Contemplacion case has frightened away the Singaporeans who had been a large source of investment in the Philippines. But even as Singaporeans pull out, much larger foreign investors say they are here to stay.

"I have the impression that the Philippines is back on track for good," said Shochiro Toyota, chairman of Toyota Motors, which plans to build a second assembly plant here.

Not everyone is convinced that the economic revival of the Philippines will last, and there was alarm here last winter over the collapse of the Mexican economy, which had been seen as a model for the Philippines and other developing countries.

"Is this bubble going to burst?" said Solita Collas-Monsod, an economist at the University of the Philippines. She said too little foreign money was being spent to build job-creating factories, and too

much poured into stocks and bonds of Philippine companies.

"Mexico had an enormous amount of portfolio investments and look what happened there," she said.

But other economists say the Philippines has done a far better job than Mexico in managing its economy.

Once among the most protectionist nations in Asia, the Philippines under Mr. Ramos has also eased currency controls, cut import duties and courted foreign investors.

Mr. Ramos's most lasting contribution to the economy may be his assault on the handful of oligarchic families who control most of the nation's wealth, including the Cojuangco family, the clan that controls Philippine Long Distance Telephone Co.

For millions of Filipinos, the phone company symbolized what was wrong with the country. Effectively a monopoly, it provided some of the worst phone service in Asia at some of its highest prices.

In 1993 there was a backlog of hundreds of thousands of people seeking phone lines, with many told not to expect installation until well into the next century.

But the monopoly-like grip of the Cojuangcos, relatives of Mrs. Aquino's, ended last year, when the government opened the telephone industry to competition. New phone companies have been formed. In just a year, telephone service has improved markedly.

BRIEFLY ASIA

7 Killed in Hindu Caste Violence

LUCKNOW, India — Seven people, including three policemen, were fatally shot in a northern Indian village, apparently as part of a caste vendetta, the police said Sunday.

The killings occurred Sunday at Gorakhpur in the state of Uttar Pradesh, said the state police chief, V.S. Mathur. The village is about 220 kilometers southeast of Lucknow.

All those killed belonged to the higher-ranking Brahmin or Kshatriya Hindu castes or the Yadav community.

Chief Mathur said that after the killings, 2,000 villagers demonstrated against a minister from the Bahujan Samaj Party, a lower-caste party that is part of a coalition government in the state.

(Reuters)

Vietnam Seeks Better Sea Defense

HANOI — Officials said Vietnam should improve its deployment of naval forces amid tensions in the disputed Spratly Islands in the South China Sea, the army daily Quan Doi Nhan Dan said Sunday.

At a ceremony for the 40th anniversary of the Vietnamese Navy, the deputy defense minister, General Nguyen Thai Bung, said the force's most important task "is to solidly defend the coastal waters and islands belonging to Vietnam," the newspaper reported.

Separately, Vice Admiral Mai Xuan Vinh called for the "gradual improvement of the strategic deployment of naval forces" in the South China Sea.

(AFP)

Meeting on North Korea Accord

SEOUL — Officials from the United States, South Korea and Japan will meet here Wednesday to wrestle with ways to restart nuclear talks with North Korea.

The U.S. ambassador-at-large, Robert Gallucci, will fly into Seoul on Monday, and on Wednesday will meet with the Japanese ambassador for nuclear affairs, Tetsuya Endo, and South Korea's nuclear chief negotiator, Chae Dong Jin.

(AFP)

For the Record:

More than 500 marchers crossed from Thailand to the Cambodian town of Poipet on Sunday to join about 500 Cambodian monks and nuns on a peace march, despite recent attacks by Khmer Rouge guerrillas.

The first Chinese team to conquer the North Pole has raised China's flag over the world's most northerly point, the Xinhua press agency reported Sunday.

(Reuters)

VOICES From Asia

Tomihiko Murayama, the Japanese prime minister, after the breakdown of trade talks with the United States: "The Japanese government did all it could do to settle the issue in line with international rules."

Kos Tassaka, a chemistry professor at Tokyo International Christian University, on the latest discovery of potentially lethal chemicals in the Tokyo subway system: "The idea of putting the chemicals in two separate bags and setting them on fire is not a tactic everybody would think of. The suspect must be an expert on toxic gases."

A.M. Sethna, a former lieutenant general in the Indian Army, on his reaction to the German surrender in World War II: "There was no real sense of easing off because the Japanese were not to be taken lightly. At that time, Japan and the Japanese soldier were considered unbeatable."

(Reuters)

CHINA: Workers Take Advantage of the 5-Day Week

Continued from Page 1

(\$17.60) on tickets for the amusement park even though he earns only about \$100 a month.

But the main target of the new five-day workweek is not the emerging leisure class in China. It is the struggling working class. The state-owned enterprises employ about 120 million people, and an estimated 20 percent to 30 percent of them are not needed to do any work, according to government planning officials.

"Many enterprises I visited say they have quite a lot of surplus labor," said Guo Shuang, an economist with the State Commission on the Reform of the Economic System. "They have too many people, too little work. Maybe for each person the actual working time will be shorter, but in general you will be able to employ more people."

The director of the Xian Blower Factory, which makes industrial fans and air blowers, said the factory would not be affected at all. Usually the workers had nothing to do on Saturdays anyway, she said, so now that problem is solved. And the factory can save on its energy costs by just closing down those days.

But something is lost when a government proclamation is translated into reality. Vast numbers of Chinese people will not be affected by the new law. About two-thirds of the popula-

tion lives in rural areas where the seasons dictate their work schedules. In addition, a growing number of people with their own businesses will work just as hard as ever.

Loopholes in the law will allow some departments and companies to keep the same

work schedule. Schools and universities can phase in the new schedule by the beginning of next year. Work units claiming "special difficulties in adopting the measure" will receive grace periods to implement the system, the government said.

His posture drew immediate support from Japanese automakers.

"It is truly regrettable that the auto trade talks have broken down due to continued insistence by the United States that the voluntary purchase plans be increased and revised," the president of Nissan Motor Co., Yoshitomi Tsuji, said.

Analysts say Washington's strategy is to squeeze Japanese car companies until they decide to compile "voluntary" procurement plans as well as improve access for foreign vehicles to their dealer networks.

TRADE: Sanctions Threat

Continued from Page 1

on for too long, and the president will act decisively."

Steven Brull of the International Herald Tribune reported from Tokyo:

Japan's chief trade negotiator appealed for calm Sunday after the breakdown of auto negotiations raised the specter of sanctions on Japanese car exports and additional upward pressure on the yen.

Speaking to reporters after returning from the failed talks in Canada, Mr. Hashimoto urged Japan to remain cool after the National Economic Council recommended that Mr. Clinton impose sanctions on Japanese imports.

"The NEC recommendation is not a government decision, so we shouldn't be in a panic," Mr. Hashimoto said.

Instead, he reaffirmed that if Washington were to impose sanctions, Tokyo would take the dispute to the World Trade Organization, which, he said, was certain to rule in its favor.

"One government is demanding a change in the managerial

policies of companies in the private sector," he said. "I can't possibly understand that this doesn't violate WTO rules."

The main stumbling block in the talks was Tokyo's refusal to have Japanese automakers renew and increase "voluntary plans" made in 1992 that outlined increased purchases of American car parts. Mr. Hashimoto said Japan could never accede to this demand because the government had no right to interfere in the business plans of private-sector companies.

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A Poison Gas Scare Rattles Japan Again

Reuters

TOKYO — Barbed wire went up Sunday for the first time around one of Japan's most traditional events, the summer sumo wrestling tournament, as the nation remained under siege after a new poison gas attack.

With no sign of breakthroughs in either the latest attack — or three others over the past seven weeks — authorities could only tighten security.

Trash bins were taped shut at airports and railway stations and 60,000 police were on duty in Tokyo alone as residents poured back into the city at the end of a five-day holiday period known as "Golden Week."

The security precautions went into force within hours of Friday night's foiled cyanide gas attack at Shinjuku, Tokyo's busiest rail station, where chemical experts estimate that thousands of people could have died.

In the attack, two plastic bags full of chemicals needed to make lethal cyanide gas were found in a men's toilet.

One bag contained 2 liters (about a half-gallon) of sodium cyanide powder, which was already on fire; beside it was a bag containing 1.5 liters of diluted sulphuric acid. Cyanide gas would have been set off if the flames had fully spread to the other bag and fumes from the chemicals had mixed.

The police said the flames had been near the second bag when a man who went to use the toilet alerted subway guards who were passing by. The guards, who ran into the toilet and doused the bags with water, were overcome by fumes and briefly hospitalized.

The police believe that the Shinjuku attack had been carefully planned and that only luck and a matter of seconds had averted a disaster that would have dwarfed the one that killed 12 people and injured 5,000 when sarin nerve gas was released into Tokyo's subway system on March 20.

They said the bags had been planted in the toilet between routine visits by cleaners and

the four daily checks by security guards. The timing of the 7:30 P.M. attack coincided with a period when the station is usually jammed.

The police classified the inci-

dent as attempted murder and said it possibly was connected with the March gas attack, which has been linked to the Aum Shinrikyo cult.

In a sign that investigations

were still focused on the sect, the police raided more cult facilities over the weekend and arrested more of its followers. They said that ingredients needed to make sarin and cyanide gases had been found in the raids.

The sect denies involvement in the attacks and has protested its innocence in broadcasts from cars touring the city.



The media staking out an Aum Shinrikyo compound in Kanukushiki, Japan, where the cult's leader is believed to be hiding.

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TODAY'S
INTERNATIONAL
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Appears on Page 9

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EUROPE



A Ukrainian UN peacekeeper at the Sarajevo airport Sunday carrying a chair to help support the coffin of a colleague who was killed by a sniper.

Serbian Shells Kill 9 in Sarajevo

15 Seriously Injured in Heavy Mortar Attack

By John Pomfret
Washington Post Service

ZAGREB, Croatia — Bosnian Serbian forces shelled a Sarajevo suburb on Sunday, killing nine people in the worst attack on that UN-designated "safe area" since an often violated four-month cease-fire expired last week.

United Nations officials said initial assessments showed the Serbs fired 120mm mortars from within territory they control. A UN resolution has banned these weapons from use around the Bosnian capital since February 1994.

The officials said that no consideration was being given to asking NATO to strike back at the Serbs. UN Security Council resolutions give the UN mission in Bosnia the right to use NATO air power to protect the city. So far, NATO power has been used around Sarajevo only to stop Bosnian Serbs from deploying heavy guns.

The attack on Sarajevo and the suburb of Butmir, in which 15 other persons were reported seriously wounded, fit with the predictions of many UN officers that after the UN's failure to extend the cease-fire, the Serbs would increase their pressure on the Bosnian Muslims and Croats.

Since the cease-fire expired, Serbian forces in Bosnia and Croatia have shelled civilians in the northwestern Bihac pocket daily. One UN spokesman called the Bihac attacks, which narrowly missed the town's

crowded hospital two days ago, "murder."

In addition, the recent defeat of Croatian Serbian forces by the Croatian Army is also expected to increase pressure on Croats living in Bosnia. Last week, Bosnian Serbian forces shelled the mostly Croatian pocket of Orasje northwest of the Serbian-held city of Breko.

And on Sunday, masked Bosnian Serbs used mines to blow up a Roman Catholic church and monastery in the Serbian-held city of Banja Luka.

The church bombing spread fear among the remaining Croats in the town.

Bosnian Urges Response

Prime Minister Haris Silajdzic of Bosnia demanded that the international community either respond to the Serbian attack on the Sarajevo suburb or allow Bosnia the right to buy arms to defend itself, Agence France-Press reported from Sarajevo.

"Our question to the international community is: Are they going to do something about this or are they going to let us do something about it?" he said. If Security Council members or countries in NATO do not respond forcefully, he argued, then they should lift the arms embargo.

Chechen Chief Says Moscow Can't Hide War From Allies

The Associated Press

GROZNY, Russia — In a clandestine TV broadcast, the Chechen rebel commander told viewers here that Russia could not hide the war in Chechnya from dozens of world leaders visiting Moscow to celebrate the World War II victory.

"It's not possible to delude Clinton and the world; there's a war going on here," said the Chechen commander, Aslan Maskhadov, referring to the U.S. president, Bill Clinton, in a poor-quality, two-hour videotape shown Saturday and bearing a May 3 date.

It was not clear where the broadcast originated, but it is another sign that Russia's declared control of Chechnya — even its bombed-out capital — is shaky. Russia's five-month-old military campaign to end Chechnya's self-declared independence is high on the list of concerns Mr. Clinton plans to raise with President Boris N. Yeltsin at a Moscow summit meeting this week.

Fighting has continued, and the top Russian commander, General Mikhail Yegorov, said Sunday that Russian forces under attack would not hesitate to fire on civilians if there were rebel fighters in their midst.

Investigation Shakes Italy's Crusading Magistrates

By John Tagliabue
New York Times Service

ROME — The magistrates whose corruption inquiries brought down Italy's political old guard have been thrust into the public eye once again, with word that the Justice Ministry is trying to decide whether they can be prosecuted.

The government acknowledged last week that it had

opened an investigation into three years of work by the magistrates to determine whether they abused their office through preventive detention of suspects or by intimidating government inspectors who were sent last year to inquire into their work.

The announcement was a serious blow to the anti-corruption magistrates, whose work has been increasingly hampered

since the resignation of their top colleague, Antonio Di Pietro, in December. In stepping down, Mr. Di Pietro said political pressure had made it impossible for him to do his work.

The government's inquiry illustrates the degree to which investigations have become an instrument of political warfare between right and left as factions position themselves for national elections.

The governing of Italy has been clouded by uncertainty since a center-right entrepreneur, Silvio Berlusconi, swamped by accusations of corrupt business practices in his business empire, stepped down as prime minister in December. Parliamentary elections now seem likely to take place in the fall.

The order to investigate the magistrates was issued last week by Justice Minister Filippo Mancuso, 74, a former judge who took office in January as part of a cabinet headed by Prime Minister Lamberto Dini. But the decision was announced not by him but by Tiziana Maiolo, a lawmaker in the Forza Italia party of Mr. Berlusconi, who leads the center-right forces in Parliament.

Mr. Berlusconi's government first sent inspectors to investigate the anti-corruption magistrates at their Milan headquarters last year.

The suspicion now, as then, is that Mr. Berlusconi is seeking to blunt the impact of the corruption investigations, which in recent months have focused ever more closely on his corporate empire, Fininvest.

On Wednesday, magistrates in Naples announced that they had detained a former executive of Fininvest on suspicion of corruption, though he was later released.

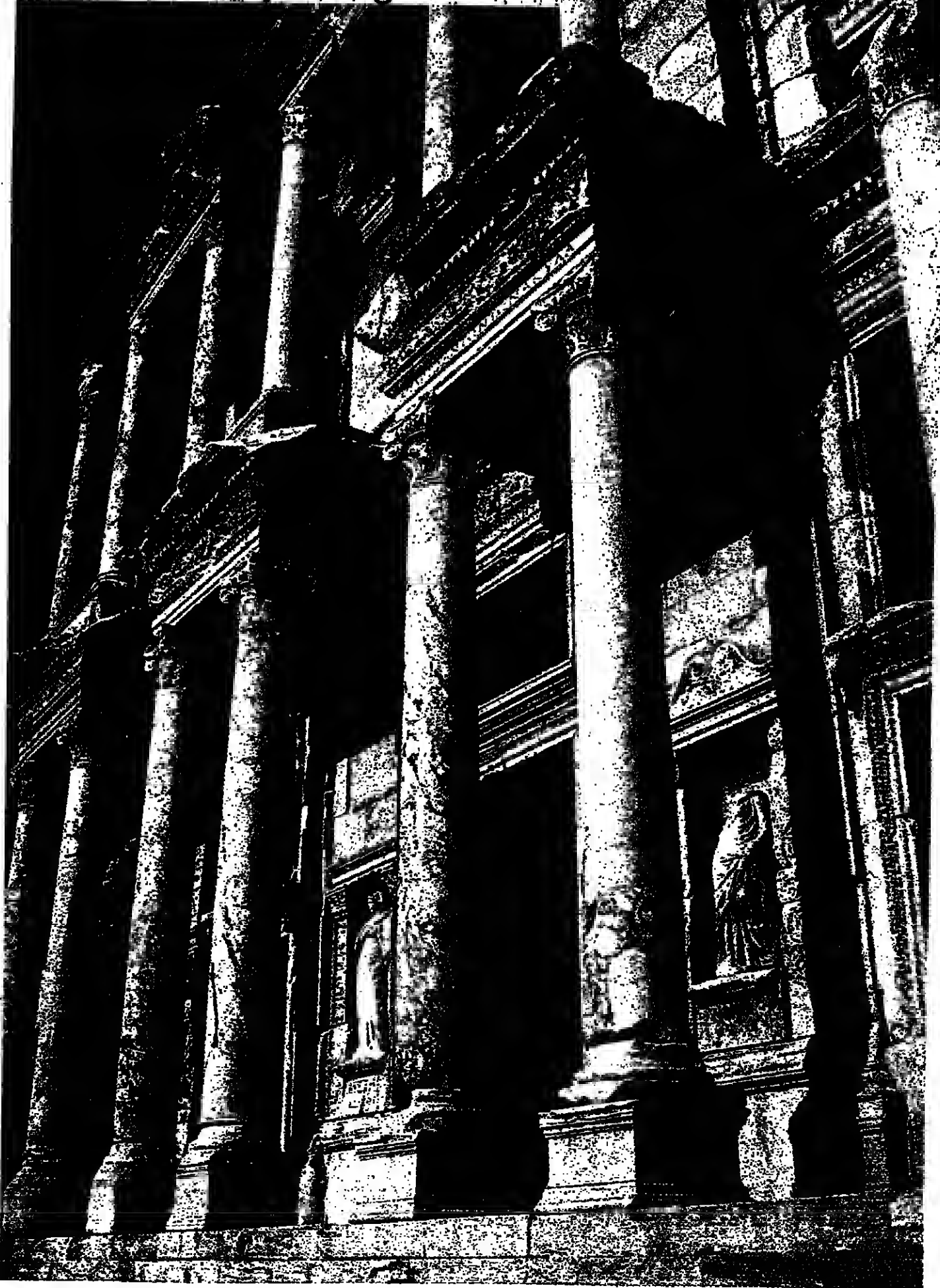
Although Mrs. Maiolo disclosed the Justice Ministry's action to the press, Mr. Mancuso's ministry refused to confirm the report until late Friday — and then only after the minister was admonished to do so in a phone call from President Oscar Luigi Scalfaro.

Since the investigations began in February 1992, thousands of politicians and busi-

nessmen have been questioned and more than 700 sent to trial in connection with bribes paid for government contracts.

Because of the slowness of the judicial system, no one has begun serving a jail term as a result of a conviction.

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BRIEFLY EUROPE

Syria Puts Off EU on Talks in Fall

DAMASCUS — A European Union delegation that had sought to persuade Syria to take part in a forthcoming conference on improving political and trade ties between countries in the Mediterranean area left here on Sunday without obtaining a commitment from Damascus.

The delegation met with Foreign Minister Farouk Shara and the deputy prime minister for economic affairs, Salim Yassin, the official Syrian Press agency, SANA, reported.

Mr. Shara did not make it clear to the delegation headed by Bernard Prager of France whether his country would participate in the conference in Barcelona in November. Syria normally boycotts forums attended by Israeli delegates.

"Syria is eager to develop and expand its future cooperation with the European Union," SANA quoted the foreign minister as saying. (AFP)

Local Polls Test Berlusconi Forces

ROME — Italians voted in local polls on Sunday in another test of strength between the center-right and center-left ahead of a general election expected next fall.

The run-off elections for 189 mayors and 54 provincial presidents was also a test of the cohesion of former Prime Minister Silvio Berlusconi's center-right Freedom Alliance following a lackluster showing for the Freedom Alliance at the polls last month.

About 31 million Italians were eligible to vote in the second-round contests between the two leading candidates in races where no one reached more than 50 percent in the first round on April 23.

Most of the mayoral contests were in small and mid-sized cities, while a number of races for provincial presidents were being held in bigger provinces such as Milan, Turin and Venice in the north and Naples in the south.

In elections for regional governments, also held on April 23, setbacks for the Freedom Alliance led Mr. Berlusconi to drop his call for general elections in June. (Reuters)

Setback for Rebels and for Ankara

ANKARA — Turkey's six-week incursion against Kurdish rebels in northern Iraq has ended with limited military success and has damaged Ankara's long-held ambitions to get closer to Europe, analysts said.

The incursion led Germany, Turkey's NATO ally, to freeze military aid to Ankara, caused a break in relations between Turkey and the Council of Europe, and upset the European Parliament, which is to vote later this year on whether to ratify a customs-union agreement between Turkey and the European Union.

"Diplomatically, Turkey has paid a very high price for the operation," said Sedat Ergin, a columnist for the independent newspaper Hürriyet in Istanbul.

The Turkish military announced the end of the operation on Friday. The army says it destroyed dozens of rebel camps in Iraq and cut off the guerrillas' supply routes into Turkey. But most of the rebels escaped the Turkish attack.

A Western analyst said: "Now the troops are out; Germany will probably end up giving military supplies back to Turkey soon and the Council of Europe row can be stitched up. But the real problem is the customs union." (Reuters)

Calendar

European Union events scheduled for Monday:

PARIS: The European Commission president, Jacques Santer, meets with Prime Minister Jean Chretien of Canada on strained EU-Canadian relations.

MADRID: The EU commissioner for industry, Martin Bangemann, holds talks with the Spanish minister for telecommunications, Jose Borrell, and the Spanish minister for industry, Juan Manuel Eguiguren.

HELSINKI: The EU commissioner for the interior and justice, Anita Gradin, meets with Prime Minister Paavo Lipponen of Finland and Finnish government ministers.

BRUSSELS: The European Parliament celebrates the 50th anniversary of the end of World War II and the 45th anniversary of the Schuman declaration, which launched the European Coal and Steel Community.

BRUSSELS: Euro-Citizen-Action-Service opens a medical hot line.

Sources: Agence Europe, AFP.

LE VRAI LUXE C'EST L'ESPACE

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Remembering 1945: Deliverance or Abasement?



Mr. Kohl and a soldier Sunday after a commemoration at St. Paul's Cathedral in London.

Germans Still Grapple With Apocalypse of '45

By Rick Atkinson
Washington Post Service

BERLIN — Like so many of his fellow Germans before the apocalypse of 1945, Hans-Jürgen Habenicht was a devoted Nazi. Like so many after the war, he endured the misery and humiliation of defeat.

And like so many today, Mr. Habenicht has long grappled with the meaning of May 8, 1945, sifting through a half-century of accumulated pain and wisdom to gauge whether the commemoration on Monday of the 50th anniversary of the end of World War II in Europe should mark Germany's deliverance or Germany's abasement.

"Liberation lay only in annihilation," said Mr. Habenicht, 66, a retired Berlin banker who ultimately became a staunch democrat. "Certainly most people didn't see it as a liberation at the time. What we think and feel now about the war's end is not what we felt in 1945. Then, for me, a world without Hitler and National Socialism was simply not imaginable."

"I believe May 8 for many

has become a kind of search for their own identity," added Mr. Habenicht, who, as a 16-year-old Hitler Youth leader, prowled through the wreckage of central Berlin shooting at Soviet tanks before being captured. "We're looking now for the roots: Where did we really come from? Why did it all happen?"

The long prologue to the ceremonies on Monday marking the end of the war in Europe has stirred deep introspection and broad controversy throughout Germany. This has been a season of conflicting emotions and contrasting images: For every commemoration of a liberated concentration camp, like Dachau or Bergen-Belsen, there has been a corresponding remembrance of an obliterated German city, like Dresden or Nuremberg.

Although Germans for two decades after the war retreated into numb silence — a "gold and empty forgetfulness," in the words of the philosopher Theodor Adorno — that gradually yielded to a remarkably open examination of the Third Reich by a postwar generation determined to get at the truth. In contrast to their erstwhile Axis partners in Japan, German leaders have apologized profusely and repeatedly for the catastrophe of World War II.

Two-thirds of Germans alive today were born after 1945; for most, it has long been political-

ly correct to consider the Allied victory as a liberation not only of a Europe enslaved by the Nazis but also of a Germany in thrall to its own militant nationalism.

Yet, this majority view has been challenged recently by conservatives who insist that Germany's ordeal after the war

'I believe May 8 for many has become a kind of search for their own identity.'

Hans-Jürgen Habenicht, 66, a retired banker and former Hitler Youth leader.

not be forgotten, particularly the nation's 45-year partition and the ouster of 12 million Germans from territories in Poland, Czechoslovakia and elsewhere in Eastern Europe.

A manifesto signed last month by nearly 300 prominent conservatives, including several members of Parliament, charged that Monday's official ceremonies were "out of focus" and "one-sided" in stressing only the country's deliverance.

"What people increasingly forget is that this day was not only the end of the horrors of

Nazi government but also the beginning of the terrors of expulsion and new oppression in the East, and the beginning of the division of our country," the document declared.

Even Wolfgang Schäuble, parliamentary leader of Chancellor Helmut Kohl's Christian Democrats and a possible Kohl successor, criticized "the guardians of political correctness patrolling the fences along our taboo zones and jumping on anyone who dares to express his own opinion."

Such revisionist thinking has provoked outraged howls. The German conference of Roman Catholic bishops, for example, fired back with a 10-page statement denouncing the manifesto and warning citizens not to distort history. The backlash forced conservatives to cancel their own commemoration, which had been planned for Sunday in Munich.

Yet, the ambivalence remains, if for no other reason than that the anniversary has opened a floodgate of memories from those who survived the undeniably awful privations of a half-century ago: women who were raped by marauding Allied soldiers; children whose fathers never returned from Soviet prisoner-of-war camps; East Prussians who were driven from their homes in an ethnic purge.

Mr. Kohl, who has long touted Germany's defeat as a necessary prelude to democracy and

prosperity, observed in a newspaper interview last week. "When old women talk 50 years later about being raped, you can't expect them to see this as the hour of their liberation."

The chancellor, however, has urged his nation to remember that Germany reaped what it had sown.

"There is no collective guilt," Mr. Kohl said in the interview. "But any young German who stands at Yad Vashem or the cemetery in St. Petersburg — unfortunately, I could name many such places — cannot say this does not concern him. Yad Vashem is the Israeli Holocaust memorial."

Edmund Stoiber, the conservative premier of Bavaria, noted a week ago at a ceremony honoring the liberation of Dachau: "The concentration camps represent the greatest moral degeneracy in human history. There is no way we can avoid confronting Germany's darkest chapter."

For a new generation, though, there are signs that enough is enough. A Forsa poll of Germans from age 14 to age 21, published in Die Woche newspaper reported that 79 percent of those surveyed see May 8 as a day of liberation, while only 11 percent see it as a day of defeat.

But the respondents were evenly split on where to go from here.

CROSSWORD

ACROSS

- 1 Fold of cloth
6 Puts a lid on
10 Oats for horses
14 Main artery
15 Came to earth
16 — silly question
17 Unravel
18 Brings up the rear
20 Come into view
21 O'Hare abbr.
22 Luxurious, as vegetation
23 Secreted

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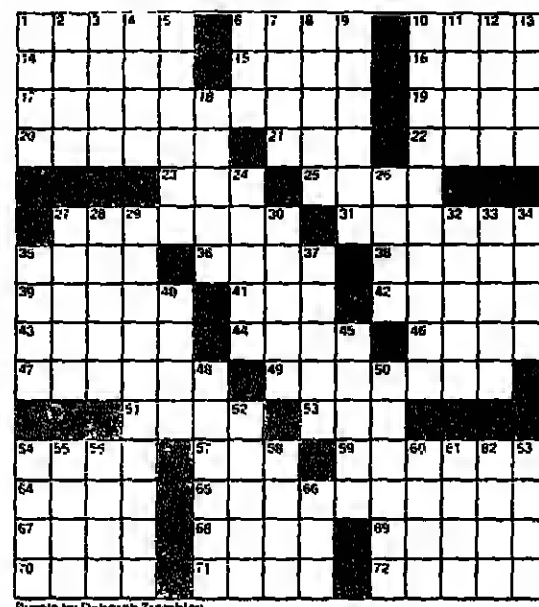
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27 "A Hard Day's Night" group
31 Fits and
32 Natural inclination
33 Pouches
34 "Carman," e.g.
35 5½-point type
41 Distance from the equator: Abbr.
42 Hysteresis
43 Cate order
44 Ensnare

ACROSS

- 45 Smell to high heaven
47 Say under oath, with "to"
49 Was coquettish
51 Fawn's father
52 Reverse of WSW
54 Saunter, with "along"
57 Pistol-packing org.
59 One who calls balls
64 Neighborhood
65 Unravel
67 Coconut's source
68 Come to earth
69 Eyeglasses
70 Mont Blanc site
71 Nephew of Abel
72 Brawl

DOWN

- 1 It may be picked up or set
2 Weaving machine
3 Epée ou pistolet
4 Anatomical passage
5 Schooled
6 Ne'er-do-well
7 Healing plant
8 One of a Columbus Inc.
9 Prepares, as rice
10 With 29-Down, unravels
11 Jacob's twin
12 Ticker tapes
13 Hyphen's cousin
16 Sedaka and Armstrong
24 Handed out
26 Over
27 Fathered
28 Pass, as legislation
29 See 10-Down
30 Babushka
32 "Walk Away" (1966 hit)
33 Endangered
34 Fire
35 Tuscaloosa university, informally
37 Like old potato chips
40 Steinbeck's — of Eden
43 Calendar girl
48 Snarl
50 Derelict



Puzzle by Deborah Trombly

New York Times Edited by Will Shortz

A Symbol of Jewish Life Reopens in Berlin

Washington Post Service

BERLIN — With its golden dome gleaming like a beacon from the past, Berlin's New Synagogue, once the largest in Germany and a symbol of the thriving Jewish community nearly extinguished by the Nazis, was reopened Sunday night in a ceremony cast as a triumph over intolerance and barbarity.

The ceremony was surrounded by extraordinarily tight security and battalions of policemen, including sharpshooters in ski masks atop the adjacent roofs. Earlier in the day, arsonists threw firebombs at a synagogue in the northern port city of Lübeck; there were no injuries and damage was slight, but it was the second attack on the temple in two years.

In other rightist incidents over the weekend, which the police said were evidently intended as a protest against this week's VE-Day ceremonies, more than 100 grave-stones were desecrated in a Berlin cemetery reserved for Third Reich victims and

the police in Potsdam broke up a gathering of skinheads chanting "Sieg Heil!" and singing Nazi anthems.

The incidents were promptly denounced by German politicians, and Ignatz Bubis, chairman of Germany's Central Council of Jews, dismissed the culprits as "black spots against a white background."

The dedication ceremony in central Berlin, on the eve of the 50th anniversary commemoration of the end of World War II in Europe, was attended by 3,000 invited guests, including Chancellor Helmut Kohl and President Roman Herzog.

"Today, with this rededication, we are looking especially to the future," said Jerzy Kanak, leader of the city's main Jewish organization. "We want to fill this building with Jewish life."

For now, the building is filled mostly with mementos of a Jewish life that no longer exists. One floor houses an exhibit tracing Jewish history in Berlin through

the Holocaust; another contains displays about the New Synagogue, including battered relics pulled from the ruins after reconstruction began in 1988.

Although a small worship room has been included on the top floor, the vast prayer hall that once seated 3,200 people has not been rebuilt, in part because Berlin's Jewish population of 10,000 could not yet support such a structure. The so-called Centrum Judaicum, housed in the front portion of the New Synagogue, is intended primarily as a museum and cultural center.

Many in Berlin hope the New Synagogue will provide a stout pillar upon which to build.

"It's important in representing history, representing Jewish life here as it was before that terrible disaster of the Third Reich," said Amnon Barzel, director of the Jewish Museum now under construction. "With this synagogue you can see how central the role of Jewish life was in the community here." — RICK ATKINSON

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Remembering 1945/A Pageant in Hyde Park

Q & A: War History and Guilt
Germany's Catholic Bishops and V-E Day

To mark V-E day, Germany's Roman Catholic bishops issued a statement opposing attempts by some nationalist politicians and intellectuals to "relativize or play down the facts" of German guilt before and during World War II. Rainer Ignier, a theologian and deputy secretary of the bishops' conference, discussed the statement with Barry James of the International Herald Tribune.

Q. Why did the bishops find it necessary to issue this statement now?

A. Because 50 years is a very important time for individuals and society to look back on their history. The German bishops first made a statement at the end of the war in 1945. They have several times issued such public declarations to help German society establish a correct relationship to its own past.

Q. Some Germans are describing May 8 as a day of liberation from tyranny rather than of defeat, as though playing down the country's guilt.

A. I think these are false alternatives. To look back now as though liberation and defeat were mutually exclusive opposites is a narrow vision. In our statement we deal with both aspects. We recall the bombing, the violence and the death of millions of people. Anything that ends such suffering is a kind of liberation. On the other hand, we noted what the Germans did to other peoples, outside the country and inside. This question of guilt is the other side of the coin.

Q. Is it true that many younger Germans feel there is no link between themselves

and the sins of their fathers, and that they want to get on with life without this shadow of guilt hanging over them?

A. I would not say many. Youth in Germany has had more and better information

'Most of German youth is not divorced from its own history.'

and education about the facts of its own history than in most other countries. I have the impression that most of German youth is not divorced from its own history.

Q. Is there still a difference in attitude in Eastern Germany?

A. Yes. The main goal of socialist education from the very beginning of the German Democratic Republic was to show that the anti-fascist movement had founded the system, and was therefore not guilty or responsible for the past.

Q. Is this attitude changing?

A. I think so, yes.

Q. What is the attitude of the bishops about the church's own role during the Nazi years?

A. Again we have a double perspective. On the one hand, we want to underline that the Catholic Church was always in opposition. You will never find an example where National Socialist ideas and Catholic ideas were compatible. The Catholic church played a very important opposition role. A high proportion of the Catholic people

went to Mass rather than to party or state events and this was considered a sign of resistance. We also know historically that 12,000 Catholic priests, which means every second priest in the 12 years of the Third Reich, got into trouble with the system, and not a small number paid the ultimate price. The church really was a factor that could not be integrated into the system, although the regime tried to make it. On the other hand, the church sometimes lacked courage, and missed opportunities to oppose things that happened outside the church. Catholics were very strong in claiming their own rights, but where others were concerned, they did not show the same intense opposition. We say that in our statement.

Q. The bishops said that Germany still faces disturbing questions 50 years later. What are they?

A. Things such as the hostility against foreigners and people of other languages, culture or religions. We are also troubled about the tendency toward a lack of social responsibility due to growing individualism.

Q. Do the bishops feel the church has done enough to redress its own failings?

A. Again, I would like to underline that in 1945, long before other groups had made such a reflection, the Catholic bishops denounced the lack of courage within the church. We quoted a central part of that declaration in our new statement to show that what our bishops are saying now is not something new, but part of a line of reasoning that has been followed for a long time.

British Have Party
To Mark War's EndVeterans and Leaders of 60 Nations
Gather in Hyde Park for 'Last Time'By Fred Barbash
Washington Post Service

LONDON — The people who fought and won World War II — on the homefront and on the battlefield — joined with their children and grandchildren and the leaders of 60 nations on Sunday for the first of the great commemorations of the 50th anniversary of the Allied victory in Europe.

Many came in wheelchairs or leaning on canes, or on the arms of their comrades, friends or relatives. Others paraded in slow, to old marches played at a gentler tempo: retired soldiers of the army, the Royal Marines, the Royal Air Force, and the Royal Navy, the women's units, the fire brigades, the air raid wardens, the nurses, and the last few survivors of the wartime Women's Royal Voluntary Service, once a million strong.

The oldest among them seemed aware that such a day as this can never come again; that for them, "this is the last time," as Boyland Henry, 78, a retired Royal Marine, expressed it.

From them came a simple message, best spoken by Violet Banford, 76, a women's army corps veteran, as she stood with her friends on the grass at Hyde Park:

"When you get home," she said, "tell 'em of us."

The three-day ceremony here, which ends Monday, on VE-Day, is the biggest party Britain has thrown since the 1952 coronation of Queen Elizabeth II. A million people, including Vice President Al Gore and Chancellor Helmut Kohl, are participating in Hyde Park.

Hundreds of smaller parties will continue around Britain as the dignitaries move on to commemorations in Paris and Moscow.

At the end of Sunday's events, the leaders of the nations represented here were each escorted to a huge globe by small children, and standing under it, beside the flag of his nation, one by one, signed their names on olive leaves.

The park itself was a pageant of memories. People jitters-bugged to "In the Mood,"

which somehow blended with the choir 200 yards away singing "Danny Boy," which somehow sounded good with the bagpipes accompanying the Scots Guards, all of which was accompanied by the low moan of a 1940's air raid siren.

All this was followed by a symphonic and choral international tribute, to allies and former enemies alike: Bernstein, Bizet, Borodin and, yes, Beethoven, the final movement of the Ninth Symphony. The sound of the chorus filled central London.

Presiding over the events has been Queen Elizabeth the Queen Mother, 94. Called the "Queen Mum" by everyone here, she is regarded with enormous affection as the living symbol of Britain's wartime struggle, which she reminded her audience, excluded no one. "This day will bring back memories for many people," she said. And "God bless them all."

The youngest here got a glimpse of what their forebears here had been through a half-century ago. Aloft above Hyde Park floated a huge balloon, one of the last of the kind used to confuse incoming bombers and rockets during the Nazi blitz of Britain. Reconstructed on the ground was a replica of an air raid shelter, where millions spent their nights for four years, when Britain was "a nation under siege," as the sign at the entrance says.

The old soldiers all had war stories to tell, of battles lost and won, of ports near and far. "I joined up right away," said Boyland Henry, bedecked in battle medals. "Malta, Crete, all over the Mediterranean." While many of those at Sunday's ceremony came as part of organized units, Mr. Henry said he "came down on my own. I just wanted to be here. There will never be one like this again."

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KING TO THE RESCUE — Albert II of Belgium, backed up by Prime Minister Jean-Luc Dehaene, giving a hand to Baron Block, head of the Belgian Jewish Committee, who fell during ceremonies Sunday marking the liberation of a concentration camp at Mechelen.

Royal Sideshow Is Concluded With a Kiss

The Associated Press

LONDON — Mostly, they ignored each other. But on parting Sunday, Prince Charles kissed his estranged wife.

It was only a peck on the cheek, and it was witnessed by their two sons and press photographers.

But it was a rare show of affection between the prince and princess, who separated in December 1992.

Charles had already kissed his two sons, Prince William, and Prince Harry, good-bye at the end of a ceremony marking the 50th anniversary of the Allied victory over Nazi Germany.

Then, he leaned across and kissed Diana, with whom William, 12, and Harry, 10, were speeding the holiday weekend. Throughout the hourlong ceremony in London's Hyde

Park, the prince and princess had spoken few words to each other and seldom made eye contact.

William sat between them. It was the first time that Charles and Diana had appeared together in public since they attended church on Christmas Day near Sandringham, the royal residence in Norfolk, about 100 miles (160 kilometers) north of London.

Swiss Voice Regret for Turning Back Jews

BERN — President Kaspar Villiger of Switzerland asked Sunday for his country to be forgiven for turning away thousands of Jewish refugees from Nazi Germany.

His remarks came in a speech

to a special session of the Parliament commemorating the end of World War II, in which Switzerland was neutral.

"For me, it is beyond doubt that the policy followed by the

people and Parliament toward the Jews makes us bear a large part of responsibility," he said. "We made at the time a bad choice in the name of a national interest taken in its narrowest sense."

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Herald Tribune
THE WORLD'S DAILY NEWSPAPER

CAREERS

The End of Jobs? Labor Analysts Claim the Doomsayers Are Wrong

By Thomas Crampton
Special to the Herald Tribune

PARIS — William Bridges and Charles Handy have looked to the future of jobs, and seen there are none.

Mr. Bridges and Mr. Handy, the authors of, respectively, "Jobshift" and "The Empty Raincoat," are not alone. A slew of best-selling books predict the end of jobs as we know them in post-industrial economies.

But many economists say these doomsayers are wrong about what is happening in the labor market. Unfortunately, the analysts say, policymakers and captains of industry have been seduced by these theories, a situation that could bring on a self-fulfilling prophecy.

The end-of-jobs theories usually set forth that because efficient production lines require few workers and sophisticated telecommunications reduce the need for physical offices, the long-term job with one employer is finished. Instead, workers will act as free agents, hired simultaneously or consecutively by many companies.

Those who appear seduced by the theory include the British employment secretary, Michael Portillo, and the director-general of the Confederation of British Industry, Howard Davies. Both recently spoke of the

jobs market in terms reminiscent of Mr. Bridges's and Mr. Handy's books.

The frequently cited portents of the end of steady jobs are the rate at which people change jobs, the growth of the part-time work force and the increase in self-employment.

But these phenomena, analysts and economists said, simply do not exist, or at

"To a large extent, conventional wisdom and popular perception just doesn't match the reality of what we are observing."

Paul Yakoboski, analyst

least, not for the reasons the doomsayers argue.

Statistics on length of employment in the United States, where many end-of-jobs theories originate, do not show much change, said Paul Yakoboski of the Washington-based Employee Benefit Research Institute.

"To a large extent, conventional wisdom and popular perception just doesn't match the reality of what we are observing," he added.

According to a July 1994 report by the institute, in 1991 male American workers had stayed with the same employer for an average of 5.1 years, longer than almost any year since 1951.

The data clearly show, Mr. Yakoboski said, that nostalgia for the good old days of stable employment is largely misplaced romanticism.

"This theory of the incredibly mobile worker today as opposed to the past just isn't holding up when you look hard at the numbers," he said.

Mr. Yakoboski suggested that the myth of increased job mobility has come about because of the news media played up the latest waves of layoffs, in part because members of middle- and upper-level management were finally being hit.

Another harbinger beloved by proponents of the new theories is the growth of the part-time and temporary work force. In "Jobshift," Mr. Bridges noted that Manpower Inc., a temporary employment company, has more employees than General Motors Corp. or International Business Machines Corp.

This comparison, said David Shonfield, a labor economist at London-based Incomes Data Services, is the "typical sleight of hand" used by management gurus when extrapolating trends from isolated facts.

Mr. Shonfield says there is a strong link between the economic cycle and numbers of temporary workers. "The experience of two recessions has made employers cautious about taking on permanent employees," Mr. Shonfield said, but this does not mean a job revolution is at hand.

What is often ignored about the growth of temporary workers, Mr. Shonfield said, is the "much higher take-up of maternity leave rights combined with the continued growth of women's employment."

The so-called recent increase of part-time workers, Mr. Shonfield added, is also a red herring.

First, he said, the most spectacular growth of part-time employment occurred 30 years ago, in the 1960's. Second, he added, "part-timers are not short-term employees."

Mr. Shonfield cited a report by the British department of employment that showed four out of 10 women working parttime in Britain in 1993 had been with the same employer for more than five years.

Even the growth of self-employment

proof that large organizations are finished and employees are free agents, is not so clear when the numbers are examined, he added.

One third of the spectacular increase in self-employment in Britain during the 1980's, Mr. Shonfield said, came in a single

The end-of-jobs theories usually set forth that because of increased productivity and sophisticated telecommunications, the long-term job with one employer is finished.

industry: construction. Moreover, he added, a study conducted by the research organization showed that many more people are taking early retirement and working to supplement their pensions.

If the facts do not back up the end-of-jobs theories, why do they flourish?

Mr. Shonfield and Mr. Yakoboski agreed that something is happening to

jobs, but they are not sure of what it is. Mr. Yakoboski posits that while the labor market is as stable now as it has been, the reasons people leave jobs are

have changed. "In the past job changes were voluntary and supposedly they were rarer on to better opportunities, while today more of the job change is involuntary, in terms of layoffs and terminations," he said.

Mr. Shonfield lays the blame for popularity of the theories on management gurus extrapolating trends from personal experience.

"It's a circular argument in the sense that managers are talking to experts, are talking to managers who are talking to experts and the thing generates a great deal of heat, but not necessarily that much light," he said.

For most of us, Mr. Shonfield said, "there are long-term jobs and always be." The problem, Mr. Shonfield added, is that enough people have been seduced by the myth could turn into reality.

"This is the kind of thing that can talk up until it becomes almost self-fulfilling," he said. Employers will be more justified in cutting jobs and firing people "because they think that is the future of employment."

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Herald Tribune

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A New Kind of Summit

There was a sense of history in the making eight years ago, as Ronald Reagan and Mikhail Gorbachev unexpectedly extended their landmark summit talks to the night. With their planes poised for departure, the two men groped their way along the unexplored boundaries of clear arms control, only to turn back when the leap ahead seemed too great. As instant Mr. Reagan grimaced as he bade farewell to Mr. Gorbachev, a killing world knew that the meeting had died in disappointment.

The stuff of such high drama will be largely absent this week when President Clinton and President Boris Yeltsin met in Moscow at a time of strained relations. Except for discussion of missile defense systems, and Russian doubts about the still unratified 1992 arms reduction agreement, the likely agenda lacks the avatars that invested Cold War summit meetings with singular importance. Yet the nuclear stalemate, while far more threatening, was in some ways more ordered and manageable than relations today. The tiny universe of arms negotiations seeking the precise number of warheads acceptable to both sides has given way to disorderly wrangling over Russia's nuclear energy deals with Iran.

The familiar issues of military demarcation between NATO and the Warsaw Pact have been replaced by a recondite debate over NATO expansion. Instead of concrete talks about the withdrawal of Soviet troops from Afghanistan there are now inconclusive exchanges about ending the Russian offensive in Chechnya.

As the relationship has changed, the American calculus used to evaluate summit meetings has not. It is still based predominantly on agreements reached and differences narrowed or more clearly defined. Those remain important considerations, but a broader definition is needed now that American interests revolve less around keeping the peace with

Russia than building democracy in Russia. In an interview with Mr. Yeltsin published last week, Time magazine portentously asked about "relations between the superpowers." That flattery mistakenly perpetuates an image of Russian parity that makes this week's talks seem yet another summit meeting of contending and equal powers. Russia is a European and Asian power primarily because of history and geography. Its struggling economy, hollow military and volatile political environment have long since rendered it considerably less than a global superpower.

That precipitous fall has reinforced the defensive streak in Russia's foreign policy and the nationalist streak in its politics. These may be the invisible forces which shape the Moscow meeting and make it difficult to judge. No one in Washington can predict how Mr. Yeltsin will balance the need to build ties to the West with the domestic pressure to make Russia look strong and independent. With the rapid devolution of power in Russia, no one really knows for whom Mr. Yeltsin speaks. While one measure of summit success may be whether Moscow gives up its nuclear deal with Iran or drops its posturing about the 1992 arms agreement, evaluation should also rest on the quality of Mr. Clinton's conversation with the Russian people. For many Russians, the American president is the respected symbol of a stable, prosperous democracy, and they will listen intently when he speaks. As their own experiment in democracy proceeds unevenly, there is much that Mr. Clinton can tell them about managing and maintaining liberty, and the benefits they will realize if they do.

That may be the single most important thing he can do in Moscow. Mr. Reagan would no doubt have gladly exchanged the drama of his unplanned evening with Mr. Gorbachev for the opportunity to encourage a free Russia to remain that way.

—THE NEW YORK TIMES

Croatia's Move

The war in Croatia has been on hold for three years but could now resume in full force and be joined to the continuing war in Bosnia. This is the special danger of the moment. There seems to be no respect at all of helpful international intervention of a diplomatic or any other sort. This puts an extraordinary responsibility on local leaders who have shown themselves inadequate in the past.

Croatia got tired of waiting for the United Nations to get back its sovereign territory of Serbian-held Krajina and decided to act on its own. Its attack, on a pocket commanding Serbia's crucial link with rebel Serbs in both Bosnia and Croatia, was short and wildly successful. Now some Croats dream of taking back the whole of Krajina by force. That is, of course, the recipe for all-out war with Serbia. Perhaps other Croats in the leadership will think better of it and instead try to use their new military success for negotiating leverage. Croatia could immeasurably help its cause if it stopped moving Serbian civilians out of the newly won-back pocket and if it did not murder its 1,000 new Serbian prisoners of war.

In making its move, Croatia took a page out of Serbia's book and walked all over the United Nations, which, as usual, felt

too lightly armed and unmandated to do much about it. The recent killings, most likely by all parties, of UN peacekeepers push their national providers, especially France, ever closer to shutting down UN operations in Bosnia and Croatia. Planning has begun to send 40,000 soldiers — the United States has promised a share — to perform the dangerous mission of escorting out the 40,000 peacekeepers. No one else is immediately available to take on the United Nations' humanitarian and feeding missions. But otherwise there seems no good reason for the United Nations to subject itself to any further humiliations or losses on the ground.

The failure of the United Nations and its members to arrange a political settlement in Bosnia is bitter. The ebbing hope is that, without an international hand, the parties themselves will see to their own future. It won't be pretty. A deal between now-rivals Serbia and Croatia at the expense of, you guessed it, Muslim Bosnia is one grim possibility. If it happened, and as unjust as it easily could be, the United Nations, the NATO countries and concerned others could withhold recognition of the results. This sort of lesser negative veto is the West's residual political tool.

—THE WASHINGTON POST

Stop Knocking New York

It never fails. Just when you're feeling pretty good about yourself, something comes along and knocks the stuffing right out of you. Last week it happened to New York. Fodor's, the guidebook publisher, asked 600 American travelers where they would like to go this summer, what they liked best to do, what counted most when they made their travel plans. Fodor's also asked where they would least like to go.

Iran/Iraq was the winner among these losers, not exactly a surprise. It was the runner-up that put New York in a pet. The second most despised locale was — New York. More people wanted to go to Antarctica. More people wanted to go to Bosnia even! People are crazy.

Look what New York has going for it. Central Park and Prospect Park are looking good. So are the street trees. (Yes, New York has them.) Broadway is entertaining again, which is a nice change, and off-Broadway is as good as ever. The museums are also looking good, along with the dance companies and music groups. The lofty towers and the shopping and the Statue of Liberty are still thrilling. Of even deeper significance, New York City does not lie along the San Andreas fault, unlike the second favorite travel destination.

True, New York does not have a Disney World, which makes Florida the favorite travel destination. But it does have a lot of sights, and rides that may not go high in the sky but do go deep under ground, and people dressed up in funny clothes. It also has a Little Italy, a large Russian colony and a subway familiarly known as the Orient Express, which, like the fabled European train, traverses many cultures en route to the city's own Far East.

There's something else New York has a lot of: foreign tourists. You won't hear them talking about how Bosnia is better.

Other Comment

V-E Day Dreams Couldn't Last

The British, because they did not perceive how greatly their state and society had been weakened by the war, were gently rather than brutally let down into a more realistic understanding of their position in the world. The belief that it is more important to be a just society than a rich one was also benign. Only in [the 1980s] did politicians sneer at the distinction between a just society and a rich one. Within a few years the Cold War ended, clearing away the stage on which Britain had performed since at least the 1930s. Both changes hastened to its end the self-confidence which dated back to V-E Day.

—Neal Ascherson, writing in the Independent on Sunday (London).

Then Came the Five-Pointed Star of Life and Freedom

By Samuel Pizar

WASHINGTON — World War II was coming to an end, yet we in the death camps knew nothing. What is happening in the world outside? Does anyone out there know what is happening here to us? Do they care? I was 15 years old, and I wanted to live.

The day the Allies landed on the beaches of Normandy had been for us a day like any other. The toll in the gas chambers that day was higher than the losses suffered by the combined armies under Dwight Eisenhower's command on this, their longest day.

Judging from the brutality of our guards, we had every reason to believe that all of Europe was irrevocably lost. The Red Army smashed, England fighting alone, its back to the wall, against the seemingly invincible forces of darkness. And America? It was so unprepared, so divided, so far away. How could she be expected to reverse the collapse of civilization at this penultimate stage?

It took weeks for news of the U.S.-led invasion, beamed by the BBC from London across occupied Europe, to slip into Auschwitz. There was also an amazing rumor that the Russians had mounted a powerful offensive on the eastern front.

Incredible! So God had not turned His face away from the world after all. Could a miracle still prevent the millennium of the Third Reich? Ob to hang on, to bang on a little longer!

We could guess from the Nazis' mounting nervousness that the weight of battle was changing decisively. With the ground shrinking under their feet, they began herding us deeper and deeper into Germany.

I was shunted to Sachsenhausen near Berlin, then Lebnberg near Stuttgart, then Dachau near Munich — camps normally reserved for political prisoners, common criminals and homosexuals.

It was in a slave labor enclave 50 miles (80 kilometers) away that I heard the silence of night torn by powerful explosions. Followed innately with military experience, I thought it sounded like artillery. Within hours, we were lined up to be evacuated, ahead of the "enemy advance."

Those forbidden words, never before heard, and even names of "enemy" commanders — Zhukov, Montgomery, Patton — were now openly murmured. I was beside myself with excitement. Who are these merciful saviors — Russian? British? American? Salvation seemed so near, and yet so far away.

Just as the hope of pulling through became more real, the danger increased. We were headed back to Dachau, which meant that at the last moment our torturers would destroy us. The final solution must be completed, the witnesses of the crime wiped out.

The death march, along winding back roads, continued day and night, halting only for meager rations of bread and water. At dawn on the third day, a squadron of Allied fighter planes, mistaking our column for Wehrmacht troops, swooped down low to strafe us.

As the SS men hit the dirt, their machine guns blazing in all directions, someone near me shouted "Run for it!" A group of us kicked off our wooden clogs and made a clumsy sprint for the trees. The fire caught most of us. Five others and I made it into the forest alive.

We ran and ran, gasping for breath, until we were sure there was no pursuit. After nightfall we began to move toward the western front. When we came close we decided to lie low until the German retreat had passed us by.

One bucolic afternoon, holed up in the hayloft of an abandoned Bavarian barn, I became aware of a bum, like a swarm of bees, only louder, metallic, unearthly. I peeped through a crack in the wooden slats. Straight ahead, across the field, a huge tank leading a long, armored convoy lumbered my way.

From somewhere to one side I could hear the sound of mortars. The tank's long cannon lifted its round head, turned slowly and let loose a deafening blast. The firing stopped. The tank resumed its cautious advance. Automatically, I looked for the hateful swastika, but

there was none. Instead I saw an unfamiliar emblem — a five-pointed white star. In an instant the unimaginable flooded my mind and my soul.

After four years in the pit of the inferno, I, convict No. B-1713, also known as Samuel Pizar, son of a loving family that had been wiped off the earth, have actually survived to behold the glorious insignia of the United States Army. My skull seemed to burst.

With a wild roar I stormed outside and darted toward the wondrous vision. I was still running, waving my arms, when suddenly the hatch of an armored vehicle opened, and a black face, shielded by helmet and goggles, emerged, sweating at me unrelentingly.

Having dodged death daily for so long, at that awesome moment I felt immortal, though to the GI my condition, at the heart of a battlefield, must have seemed desperate. Pistol in hand, he jumped to the ground to examine me more closely, as if to make sure the kid was not booby-trapped.

To signal that I was a friend, and in need of help, I fell at his feet, summoned the few English words my mother used to sigh while dreaming of our deliverance, and yelled "God Bless America!"

With an unmistakable gesture, the tall American motioned me to get up, and lifted me through the hatch — into the womb of freedom.

On V-E Day 1995, my gratitude to this blessed land, never trampled by tyrants or invaders, is as intense as it was 50 years ago. So is my conviction that the five-pointed star, which brought me life and freedom, must remain a symbol of hope to all victims of ethnic hatred, religious intolerance and terrorist violence.

The writer, a native of Poland, is an international lawyer in Paris and New York. Alone of his family he survived four years in Nazi death camps. This article was adapted for The Washington Post from a keynote address to be delivered this Monday at the Holocaust Memorial Museum in Washington.

The World War II Allies Are Still Paying the Price of Their Victory

By Michael Dobbs

This is the first of two articles.

WASHINGTON — Reading the financial pages of American newspapers, you could be forgiven for concluding that World War II was lost by the United States, Britain and Russia and won by Germany and Japan. Fifty years after V-E Day, the yen and the Deutsche mark reign supreme.

Today's headlines about the tumbling dollar bring to mind the plot of a popular 1950s movie called "The Mouse That Roared." The film tells the story of the Duchy of Grand Fenwick. In order to stave off national bankruptcy, this obscure country declares war on the United States.

The plan is simple: to lose the war as rapidly as possible, which will make the hitherto unknown country eligible for huge amounts of financial aid from a guilt-stricken Uncle Sam. The plan goes awry and the duchy wins the war by mistake. Victory proves a complete disaster.

As a caricature of what happened after World War II, the film contains a grain of truth. In the immediate aftermath of the war, hyperinflation wiped out the value of the German and Japanese currencies. The financial situation in both countries stabilized around 1949, thanks in large measure to rigorous economic shock therapy treatment applied by the occupying powers.

Since then the yen and the mark have appreciated steadily against the dollar. One dollar now purchases less than one-quarter the number of yen, and roughly one-third the number of marks, than in 1949. The depreciation of the British pound has been even more marked. The old Soviet ruble is about as valuable as wallpaper.

Defeat may have been a blessing in disguise for Germany and Japan, because it enabled them to

concentrate their national energies on economic recovery, rather than military expansion. The Marshall Plan laid the groundwork for Germany's postwar economic miracle, just as the Dodge Plan helped Japan struggle back to its feet.

Barred from deploying forces abroad, Japan and Germany devoted a much smaller proportion of their economic resources to defense than the victor nations. Both countries have benefited greatly from the Pax Americana, paid for with so much U.S. blood and treasure over the past five decades.

Russia and Britain were economically drained by the enormous sacrifices made in World War II. Britain bore the brunt of fighting alone against Hitler for more than a year, at a time when the rest of Western Europe was under Nazi occupation. Soviet

losses were even more staggering. Unlike Japan and Germany, America's allies did not have the luxury of starting from scratch after the war. Both had huge empires to support and Big Power obligations to fulfill. Britain finally laid down its imperial adventure after the disastrous Suez venture of 1956.

The Soviet Union had bigger ambitions, and far greater resources. Thanks to its oil wealth, it was able to maintain a global presence from Cuba to Vietnam until 1991, when it finally collapsed from a combination of economic exhaustion and ideological fatigue.

America is now in the unenviable position of having won not just one major war in the last half-century but two, the Second World War and the Cold War. It is the only power that can project

its military strength worldwide. At the same time, the United States has obligations and commitments that are uniquely onerous. U.S. defense spending is higher proportionately than that of any other NATO country except Greece. To defeat communism, the Reagan administration engaged in a big military buildup that contributed significantly to the present \$200 billion annual deficit in the federal budget.

Moreover, the United States is maintaining its superpower burden at a time when its relative weight in the global economy continues to diminish. At the end of World War II, the United States accounted for 40 percent of the world's gross domestic product. That share has dwindled to just over 20 percent, roughly where it stood in 1870, a few years after the Civil War.

All this has contributed to a chorus of complaints by U.S. foreign policymakers in the last few

months that they no longer have the tools to do their job properly. In a speech last week, the president's national security adviser, Anthony Lake, accused "new isolationists" on Capitol Hill of threatening to "cut the legs out from under America's leadership" in the name of budget cutting. He made the point that the United States ranks "dead last" among the 25 leading industrialized nations in the percentage of GDP devoted to foreign aid.

A few days earlier, Secretary of State Warren Christopher complained that Congress had whittled the discretionary part of the State Department budget to practically nothing. "I am wound up on this subject," he acknowledged in an interview. "I think it is very pious foolishness."

The writer, a diplomatic correspondent for The Washington Post, is preparing a book about the collapse of communism.

Despite Their Troubles, Russians Are Making Progress

By Thane Gustafson and Daniel Yergin

PARIS — President Bill Clinton is visiting a different Russia from the one he saw just 16 months ago. It is moving more rapidly toward a market economy than is generally recognized in the West. Amid the anguish of Chechnya, the political uncertainties and the reality of crime, this is the good news.

The great Russian depression, the result of the collapse of the old centrally planned economy, appears to be bottoming out. The output of Russian industry has been drastically reshaped by market forces — light industry is down 80 percent, the arms industry 70 percent. The private sector

is growing rapidly, and the overall economy may be as much as 50 percent larger than official statistics indicate.

Unemployment, at least so far, is far lower than anticipated a year ago, as people find jobs in the new economy. Russians are starting to invest in their own country; some flight capital is now returning. Automated teller machines, the new badge of a modern economy, are sprouting around Moscow.

The changes are being driven both from within and from without. Seventy years of communism

created enormous pent-up demand for goods and services, and entrepreneurs are rushing in to fill the void.

Russia's well-educated force is adapting; very intelligent physicists are becoming very intelligent bankers. Significant Russian banks and companies are emerging. Private businesses are booming in computers and software, import-export and construction.

Of fundamental importance has been the rush to privatize. What the privatization system has done, whatever its much criticized flaws, is to create 40 million shareholders where there were none before, people who have a stake in the new system. The intent was to make the shift from communism to the market irreversible, and it may well have succeeded.

Some Russians now say that the *chudo*, the economic miracle, is here. Despite all that has been achieved, it is probably still three or four years too soon to proclaim a *chudo*. Two critical requirements have to be met.

First, financial stabilization has not been achieved, despite the government's renewed commitment to financial austerity. Second, property rights are still insecure and poorly defined, as the new money and the old industrial managers fight it out for control of Russia's assets. Too many people still face hardship and upheaval.

Many obstacles lie across the road to the market. Potential instability, new Chechnyas, trouble with neighboring countries that were formerly part of the Soviet Union — any of these could disrupt the process and disconnect Russia from the rest of the world.

Pervasive crime is a threat to business operations in Russia, and Westerners can tell sad stories of threats, extortion and partners who absconded with the assets.

There will likely be new financial scandals, crashes and crises that will tarnish the legitimacy of the system. But the biggest danger to the new Russian economy is the upcoming elections — if they are held at all.

President Boris Yeltsin and his prime minister, Viktor Chernomyrdin, have been struggling to build up support from the moderate center. But Russian voters may vote for extremists instead. The best one can hope for, realistically, is a government much like today's.

Still, one of the most remarkable aspects of this new economy — in addition to the very fact of existence — is that it has grown so vigorously despite a weak governmental system and the lack of the legal regulatory foundations essential to a modern economy.

Those are still to come. What is needed now is a moderate centrist government that will enable the private sector and the new economy to keep growing. It is indeed time itself that is required if the "Wild East" is to turn into a genuine chudo.

The writers are co-authors of the forthcoming "Russia 2010 and What It Means for the World." Mr. Gustafson is director and Mr. Yergin is president of Cambridge Energy Research Associates. They contributed this comment to the International Herald Tribune.

Hypocrites of the World: A Sampling

By Thomas L. Friedman

PARIS — In my next life I want to be a European statesman. I want to be able to turn up my nose at the United States when it puts principle before profit and naively imposes an embargo on Iran to prevent that medieval theocracy from acquiring nuclear arms.

I want to be able to tell the Americans with great arrogance that the right way to deal with Iran is through what European statesmen call "a critical dialogue." Which I assume means that the Europeans criticize America and carry on a dialogue with the Iranians, while pocketing their cash.

If I can't be a European statesman, then in my next life I want to be a Japanese trade negotiator. I want to erect trade barriers around my country and then accuse whoever tries to break down those barriers of engaging in "managed trade."

I want to be able to grossly underpay my country's workers, while I plow all my profits into building new markets abroad. And then when my currency soars in value against the dollar — because I don't import anything from anyone — I want to say with a straight face that the whole problem could be solved if the United States would just choke off its growth and raise its interest rates.

If I can't be a Japanese trade negotiator, then in my next life I want to be a North Korean diplomat. I want to be able to defy the world, build nuclear weapons and then get the United States to bribe me with a safe nuclear reactor to halt my program — without having to give up any of my bombs.

And then, when the deal is done, I want to tell the Americans that I changed my mind.

I won't accept the reactor they are giving me free because it's made by my archenemy, South Korea, but that I still want Coca-Cola to open a bottling factory in my country.

If I can't be a North Korean diplomat, then in my next life I want to be the head of the Russian Atomic Energy Commission. I want to sell nuclear technology to Iran, so that its cynical, hate-filled ayatollahs living near Russia's southern border will one day have a nuclear weapon with which to threaten Moscow. I want to do this because I can make lots of money and be a real power player in the Kremlin — until the Iranians blow it up.

If I can't be a Russian energy czar, then in my next life I want to be president of Serbia (or Croatia). I want to slick back my hair and wear tailored suits, while I stand before the world and deny perpetrating ghastly atrocities in order to cleanse my homeland of strangers.

I want to give lots of interviews on CNN and declare that if only the world remembered the Battle of Kosovo, in 1389, it would understand why my people were the true victims and justified in slaughtering their neighbors.

If I can't be president of Serbia, then in my next life I want to be a Republican presidential candidate. I want to be able to repeal the ban on assault weapons so that paranoid private militias trying to subvert the constitution will be much better armed to resist the police, the FBI and the Bureau of Alcohol, Tobacco and Firearms the next time they try to blow up a federal building.

If I can't be a Republican presidential candidate, then in my next life I want to be speaker of the House. I want to be able to have my mother call the first lady a "bitch" on national television. I want to denounce editorial writers and certain bureaucratic "socialists." And I want to delegitimize the federal government.

Then I want to be able to say it's "obscene" to suggest that my obscene language might have contributed to an atmosphere in which right-wing anti-government extremists feel so alienated from their fellow Americans that they would blow up a federal building with a day care center inside.

If I can't be speaker of the House, then in my next life I want to be one of O. J. Simpson's lawyers. I want to be a Harvard-trained hired gun who, just like gun fanatics, tries to undermine public faith in the American legal system by inventing government conspiracies behind every drop of spit blood.

But if I can't be any of these, then in my next life I think I just want to be an American citizen. I want to be a member of the freest society in the world. I want to have a government that, with all its flaws, is occasionally ready to stand up and act on principle, not just profit.

And I want to understand that preserving such a society is not automatic. It is something that has to be worked at every day. And it has to be worked at by nurturing a society where people appreciate that the government is us, that hate speech leads to hate acts, and that the civic courage to be a tolerant, law-abiding, tax-paying citizen is the greatest courage of all.

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Eyewitness Tells Of Berlin Ruins

Nothing Left, Says Correspondent,
Except Mountains of Debris
And a Few Shell-Riddled Walls

The following story by a New York Herald Tribune war correspondent was written after a visit to Berlin as a guest of the Red Army.

By Seymour Freidin

BERLIN, Thursday, May 3 (Delayed).—Atop the rubble that remains of the most bomb-leveled city in the world the red banner of Soviet Russia snapped triumphantly this afternoon as exultant Russian soldiers swept into the hedgerows of the Tiergarten, opposite the Reichstag, and silenced the last of the Nazi defenders.

A chilling rain, fanned by a northeast wind slanted across the smoking vestiges of the dead capital, converting the crater-pocked streets into huge pools of brackish water, while Red Army men advanced into the park congratulating each other and promising extermination for the fanatical S.S. troops making their last stand for Führer Adolf Hitler.

The steady downpour provided the remaining mournful note for the passing of Berlin. This once-great capital, whose decisions frightened the world a few years ago, is a charred, twisted, unrecognizable graveyard.

Nothing is left in Berlin. There are no homes, no shops, no transportation, no government buildings. Only a few walls, and even these riddled with shell-fire, is the heritage bequeathed by the Nazis to the people of Berlin.

Joins Reds at Brandenburg Gate

Beside historic Brandenburg Gate—the German symbol of military glory now blocked by concrete, its chariot of victory drawn by four horses twisted beyond recognition with three red flags entwined about the driven—this correspondent joined a wave of the Russian mopping-up party diving into the last enemy pocket.

Once a magnificent zoological park covered with heroic statues and monuments to men who played leading roles in German history, the Tiergarten had become a shell-shattered no-man's-land with paths and lawns chewed up by fire and trees interlaced with toppled statues.

Crawling behind an upright statue of Moltke, because the Russians don't wear helmets and mine might be mistaken for a German, I removed the .45 hat and watched the Russians overrun the dog-in-enemy positions. With speed, efficiency and terrific fire-power born of long battle-experience, the Russians routed out the defenders by fire and it was 3:08 p.m. according to my watch, when the resisting Germans ceased fighting.

Extermination of final enemy resistance, however, merely tolled off Berlin officially as a German entity. Berlin can now be regarded only as a geographical location heaped with mountainous mounds of debris. The air power with which Hitler threatened to destroy all opposition boomeranged with a vengeance on Berlin and Russian artillery finished off what was left standing in the German capital.

Few Civilians Left in Metropolis

Moreover, this late metropolis, which once teemed with a population of 4,000,000, has been virtually deserted by civilians. Apparently those who were unable to flee the ghost city have remained hidden in cellars.

Those who emerged from shelters were bent over picks and shovels under guard. They were engaged in clearing main thoroughfares of the cascades of debris. Their arms and legs moved like limbs of puppets without direction, spasmodically and unco-ordinated.

As the civilians picked at the rubble they had a first-hand opportunity to view for themselves the problem of reconstruction which confronts Germany in the future. Round-the-clock air bombing has reduced all the buildings to powdered brick and twisting walls, very little of which can be salvaged. Only a perimeter of homes in the outskirts is habitable.

From such famed streets as Unter den Linden, once proudly described by Berliners as the most beautiful avenue in the world, the Wilhelmstrasse, the Friedrichstrasse and the Wallstrasse to those as relatively unimportant as Bergstrasse, the chaos is mute testimony to the efficacy of the Allied air assaults. Much of the wreckage is old, indicating that the Nazis were never given the opportunity to clean up because the raids never ceased.

Reich's Chancellery Demolished

In the Wilhelmstrasse, which once boasted stately government edifices, there was nothing but crumbling masonry. The Reich-chancellery, where Hitler plotted with his cronies, is a shell of four broken walls encompassing a heap of rubble thirty feet high in some spots.

As over every well-known building and memorial in Berlin, the Red flag flattered over the Reichschancellery. Russian soldiers, however, singled out the Reichschancellery for special attention. They hung a huge photograph of Premier Stalin on the east wall, while by accident or design an oil portrait of Hitler lay face down beside the south end of a dead horse.

A German prisoner in Berlin had told me that the Wehrmacht communique announced that the Führer died in the Reichschancellery, pistol in hand, with some of his closest friends dying with him. With the aid of three Russian soldiers, I poked around the rubble in an effort to find some signs of Hitler's body, but it would take a crew of bulldozers about a week to get to the bottom of the debris.

One of the soldiers who helped me dig was the man who planted the first Red flag on the smoldering main dome of the bomb-hollowed Reichstag. His name cannot be used, but he is a native of Minsk, and his wife and four children were killed by the Germans. Through a German-speaking comrade, this Russian soldier explained that his only mission was to kill German soldiers and that his wife and he were at his greatest thrill came when he mounted the Reichstag dome at great personal risk and planted the Red flag.

Russian Officers Were Considerate

Getting to Berlin through the Red Army lines and a stay in the city was the result of a combination of exuberance and warmth shown by the Russians for Americans. Russian officers did not hinder us in any way but were helpful and guided us practically the entire distance from the American front.

John Groh, the artist, and I started out for the German capital yesterday (Wednesday) when I rejoined him after a three-day junket with a Russian tank outfit which treated me in magnificent style. Our jeep was accompanied by three United States lieutenants.

(Continued on page 4, col. 5)

Victory Crowd Cheers in Flag-Draped Times Square



The Great White Way—looking south from Times Square to 42d Street—celebrates V-E Day minus one. Thousands deserted offices, plants, and homes to mill about in tears or laughter—or dazed disbelief that half the battle was over.

SHAEF Silence Fails to Halt Paris Bedlam

Soldiers on Leave from
Front That Was Join
Civilian Merry-makers

By Carl Levin

All Paris went wild last night, as Parisians and soldiers of the Allied nations decided that they could no longer be longer for official confirmation that peace has returned to Europe. As far as they were concerned, a day-long outpouring of radio announcements such as they had not heard since the German surrender was the war five years and eight months ago, blaring headlines in Paris papers which could not longer be bothered to announce that Germany had surrendered and an accumulation of other evidence was sufficient to signal the advent of the greatest day in the history of Europe.

Only the elching formal announcement from the heads of state of the Allied powers was missing but it didn't matter. Without anything but circumstantial evidence and a million born of living under the cloud of war for almost six years, every one here was saturated with the truth of what they had been hearing and reading unofficially all through the afternoon and evening.

Supreme Headquarters, all but enveloped in the swelling tide of enthusiasm which by last night had reached fever pitch, and emboldened by the premature distribution by the Associated Press of a report that the German surrender was official, the Allied press in Paris and London at 2:41 o'clock yesterday morning, authorized correspondents at 4:45 a.m. to state that "S.H.A.E.F. had made nowhere any official statement for publication up to that time."

(Continued on page 1, col. 4)

London Expects Occupation Of Reich to Last for Years

By William J. Humphreys

LONDON, May 7.—The unconditional surrender of Nazi Germany, announced by the British Prime Minister Winston Churchill with simultaneous announcements from the American and Soviet governments, will mean that German territory will be occupied by the Allied forces at least two years and very likely longer.

Some quarters in London do not think that, with the European Continent devastated as it is and with Germany as its geographic center, a period of years will be needed to settle territorial claims against the German people who must never again threaten the peace of Europe.

War in the Pacific, in which participation of Soviet Russia is considered likely, is a factor in determining the ending of the peace conference. The Allied nations settle the affairs of Europe before Japan, an integral part of the Axis war, was defeated.

In the interim period, Germany will be administered first, by an Allied military government and later, by an Allied control commission, whose preparation for the reconstruction of the German nation as a people who must never again threaten the peace of Europe.

New York's Emotional Binge Leaves Hangover for Today

For 5 Hours 5 Boroughs Celebrate Victory
With Bottles, Flags, Ticker-tape, Jigs;
Taper Off as Officials Keep Silent

By John G. Rogers

NEW YORK, May 7.—Whether victory in Europe was official or unofficial, New York at long last let itself go today after forty-one months of war and staged a five-borough, five-hour show of delicious celebration over news of Germany's surrender.

With shouting and paper-throwing, with horn-blowing and dancing, with banners and bowties, the city's millions swarmed in the streets from mid-morning to mid-afternoon in ebullient revelry that defied restraint.

Touched off almost simultaneously by morning radio reports from Europe and unimpeded onward by the carnival newspapers, the spirit of carnival happiness persisted until about 3 p.m. Then it began to die down, when advertisements from Mayor LaGuardia and news from Washington and London indicated that tomorrow, not today, would stand in history as the day of official ending for the most destructive conflict of all time.

Feeling like a sprinter who had been duped into jumping the gun, the city slipped back into its normal Monday routine. Whistles began to sweep up thousands of tons of needed paper that was wasted out of windows. Whether the would revive in time to go all out again on a real celebration tomorrow was anybody's guess.

Even at the height of today's celebration, emotions of joy were not the universal expression. A few went immediately to houses of worship for prayer. Many looked at the clock and such antics as street corner juggling, sidewalk bottle-throwing and Hitler boutiques enacted by wags.

Sobering Reminder
Eight of a slender young corporal with his left leg off at the knee, picking his way on crutches through the official silence, was the peak of the civilian shouting, was a sobering reminder that there was still a war on that several millions of Americans may be required to defeat Japan.

Men who knew the best did not take much part in the celebration of extracurricular. Private Ed Suck, of Cleveland, back from Europe, told reporters that he had no reason to be fighting.

Corporal Martin Sweeney, of Chicago, a native who won his ribbon in the Pacific, stared solemnly at the Times Square revelry. "I guess it's all right," he said, "if they feel like it. They don't know what it's all about, though."

Today's celebration could not compare in size or intensity with the a city-wide hour emotional binge New York put on Nov. 11, 1918, and there were good reasons for this.

This time the end of Germany had been a foregone conclusion for so long that the edge was taken off the final climax, and this time the casualties have been so high that many had no heart for celebrating.

Truman to Aid Philippines
WASHINGTON, May 7 (A.P.)—President Truman indicated today the late President Roosevelt's Philippine independence policy and named a committee of nine to study company Senator Millard Tydings, Democrat, of Maryland, on a special mission to Manila to examine conditions there and report to him.

Nazi Surrender Unconditional

By Leslie Midgley

The German Army announced yesterday that it had surrendered unconditionally, laying down its arms in defeat after five years and eight months of bitter warfare raging over Europe.

While no official announcement of the surrender came from Supreme Headquarters, Allied Expeditionary Force the British Ministry of Information announced that today will be celebrated as Victory in Europe Day and that Prime Minister Churchill will make a broadcast statement at p.m. Agence France-Presse announced officially last night that General de Gaulle, President Truman and Premier Stalin will make statements at the same hour and it is believed that the De Gaulle message "will be the official announcement of the victory." The White House confirmed last night that the President will speak at 9 a.m., Eastern War Time.

The capitulation was admitted at 2:30 p.m. yesterday in a broadcast by Germany's new Foreign Minister, Count Schwerin von Krosigk, who proclaimed to the German people that they had "succumbed to the overwhelming might of your enemies." The Fuehrer, Karl Doenitz, had ordered all troops to lay down their arms, he said, speaking over the Flensburg, Denmark, radio.

Proclaims Collapse



Count Schwerin von Krosigk.

Daniels Protests A.P. Suspension

Special to the European Edition

RALEIGH, N.C., May 7.—Joseph Daniels, publisher of "The News and Observer" and Secretary of the Navy in the first world war, sent a telegram to President Truman today protesting the suspension of the Associated Press in Europe for sending a story on the surrender to America. His wire follows:

"I have just seen the report that the Associated Press facilities have been suspended in Paris. In 1918, when the United Press sent a cable from Brest, I was asked to recommend action against Roy Howard. I declined, saying that any good newspaperman would have been justified in what Howard did. I can see no justification for suspending the Associated Press."

Extra Found Captured

ROME, May 7 (A.P.)—Extra Found, American writer who turned Fascist propagandist, has been captured in northern Italy, according to word received here from 5th Army headquarters.

Canada Suspends Draft
OTTAWA, May 7 (U.P.)—The Canadian Labor Minister, Humphrey Mitchell, announced today that call-up for military services will be suspended on and after tomorrow.

Victory celebrations were in full swing yesterday in London and New York, and Parisian marched shouting and singing last night down the Champs-Élysées as rockets broke over the Arc de Triomphe.

The news reached America in a dispatch from Rheims by the Associated Press, signed by Edward Kennedy, chief of the Paris bureau. I stated that the surrender was signed at 2:41 a.m. yesterday in the schoolhouse where General Dwight D. Eisenhower has his headquarters. It was to take effect at 11:01 a.m. today. Extra editions of American newspapers immediately proclaimed the news and radio stations broadcast the report.

As a result, all transmission facilities of the Associated Press in Europe were suspended yesterday afternoon by the Army Public Relations Division, which claimed that the news should have been held for official release.

Even in the face of official silence last night there was no doubt anywhere that the struggle was over.

Radio reports from Prague last night conflicted, some stating that fighting was continuing under a German commander who refused to recognize the surrender, others claiming that the capitulation was complete in Czechoslovakia.

President Truman said in Washington that he had agreed with the London and Moscow governments to make no announcement on surrender of enemy forces "until simultaneous announcements can be made by the three governments."

News of the surrender was broadcast at 7:30 a.m. by B.B.C. on its Danish program. The American Broadcasting Station in Europe, which is operated by the Office of War Information, also reported the capitulation.

At 9:30 last night, King George VI sent a (Continued on page 3, Col. 2)

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MAY 2-8, 1945

You can obtain a full-size, poster quality reprint of this historic page from the archives of the 1945 New York Herald Tribune. A limited quantity of the posters is available at IHT Paris headquarters at 9 francs each: 181 avenue Charles-de-Gaulle, 92200 Neuilly (Paris), France (Métro: Pont de Neuilly).

50 YEARS AGO TODAY
IN THE NEW YORK HERALD TRIBUNE

To commemorate the final days of the war in Europe, the IHT has reproduced in its last six issues the corresponding front pages from the 1945 New York Herald Tribune. The historic reprints appeared daily from May 2nd through May 8th.

If you missed any and want to order them, back issues can be obtained from our Circulation Department in Paris: tel.: (33-1) 41 43 94 34; fax: (33-1) 41 43 94 40.

CAPITAL MARKETS ON MONDAY

Most Active International Bonds

250 most active international bonds traded through the Euroclear system for the week ending May 5. Prices supplied by Telekurs.

Name	Cm	Maturity	Price	Yield
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Australian Dollar

Treas of Vict.	8 1/2	10/15/93	99.4250	9.2100
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Austrian Schilling

Germany	6 1/2	02/28/97	102.2500	6.2700
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Canadian Dollar

IFC Corbett	zero	09/15/00	64.7500	8.2900
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Danish Krone

Denmark	7	12/15/04	89.5000	7.8200
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Deutsche Mark

Germany	7 1/2	01/21/02	106.2500	7.5300
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Dutch Guilder

Netherlands	7 1/2	02/01/05	104.4500	7.4200
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ECU

UK T-note	5 1/2	01/21/97	97.0000	5.1000
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Finnish Markka

Finland	9 1/2	03/15/04	102.8400	9.2400
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French Franc

France OAT	8 1/2	04/25/02	102.3000	8.1000
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Germany	6 1/2	05/20/97	101.5900	6.5200
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Germany	6 1/2	07/19/03	97.4000	6.7900
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Germany	6 1/2	12/17/98	96.8157	5.1400
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Germany	6 1/2	01/22/96	102.3300	7.4900
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Germany	6 1/2	05/22/00	110.0700	7.9500
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Germany	6 1/2	12/02/02	102.6100	7.1900
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Germany	6 1/2	01/22/96	102.8500	8.3200
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Germany	6 1/2	10/20/98	97.0000	5.3400
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Germany	6 1/2	02/24/99	102.3700	6.7000
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Germany	6 1/2	04/23/03	98.8743	6.8300
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CYBERSCAPE

Multimedia Proponents Seek Overlooked Niches

By Richard Covington

Special to the Herald Tribune

CANNES—With rock stars like Peter Dinklage and futurist pundits like James Burke, software gurus and apostles of the Worldwide Web, the Apple new-media forum rolled into town last week to evangelize the converted about the mixed blessings of multimedia.

Some 600 European multimedia developers and publishers gathered to witness the latest trends in new media from BMG Ariola, Walt Disney Co., Random House Inc., Voyager Co., Wired magazine and Apple Computer Inc.

The touring road show heads next to New York, Los Angeles and Tokyo.

With only 5 million multimedia computers in Europe, according to BIS Strategic Services, a London-based media analyst, Britain and the Continent lag far behind the United States in new-media penetration.

Coming to multimedia and on-line services relatively late in the game may be a boon, enabling European companies to carve out unexploited niche markets, argued Ferhan Cook, president of Mediaplay International, a new-media consultancy based in Paris.

In the race to churn out compact-disc game, education, and entertainment titles aimed at preteen and teenage boys, the interactive division of BMG France has been over a forgotten niche market: adults. The median age of buyers for BMG's video CD-ROM on the Louvre Museum is 41, says Benoît Deniau, director for multimedia products. With 35,000 disks sold, it is the best-selling multimedia title in France and has already recouped threefold the 1.5 million franc (\$305,810) it cost to develop, according to Mr. Deniau.

"Most adults bought CD-ROM computers for their kids, but the success of this title shows that the industry needs to spend more effort targeting the over-35 market," he explained. In addition to the French-language edition, the company plans to release a version in English and eight other languages.

BMG, a division of Bertelsmann AG and one of the world's largest music publishers, is taking a cautious approach to video compact disks, still images and video for use on multimedia computers. "We know enhanced-music CDs will have a great future," Mr. Deniau said, "but when and at what price is still a mystery. The technology is so new the customers are likely to become confused. An artist who might sell 100,000 audio CDs might only sell 60,000 because his fans would be waiting for the enhanced CD."

"The fact is that the record companies are nervous and unsure about the potential market for enhanced CDs," one music producer confided. "No one wants to be seen as having given away the goodies. Since the business model flight path is not yet clear, the

See MULTIMEDIA, Page 16

Bad News Slides Off a Wall Street Paved With Teflon

By Peter Fassell
New York Times Service

NEW YORK — America's trade deficit is as big as the gross national product of Switzerland. Ten dollars hardly buys a cappuccino in Tokyo. President Bill Clinton is telling Newt Gingrich, the House speaker, that the ballooning budget deficit is now a Republican problem.

Yet the stock market just keeps soaring, and bond prices have recovered from the doldrums of last summer.

While there is a gap between the apparent state of the U.S. economy and the markets that are supposed to be its barometer, economists are having no trouble coming up with theories to explain the paradox.

What is hard is trying to make sense from sometimes overlapping, sometimes inconsistent views of what has put the Dow in the Dow.

No indicator of American economic decline stands out like the fallen dollar. If the dollar had not fallen around 17 percent so far this year, hardly anyone would be puzzled why the Dow Jones industrial average had risen 16 percent in the same period.

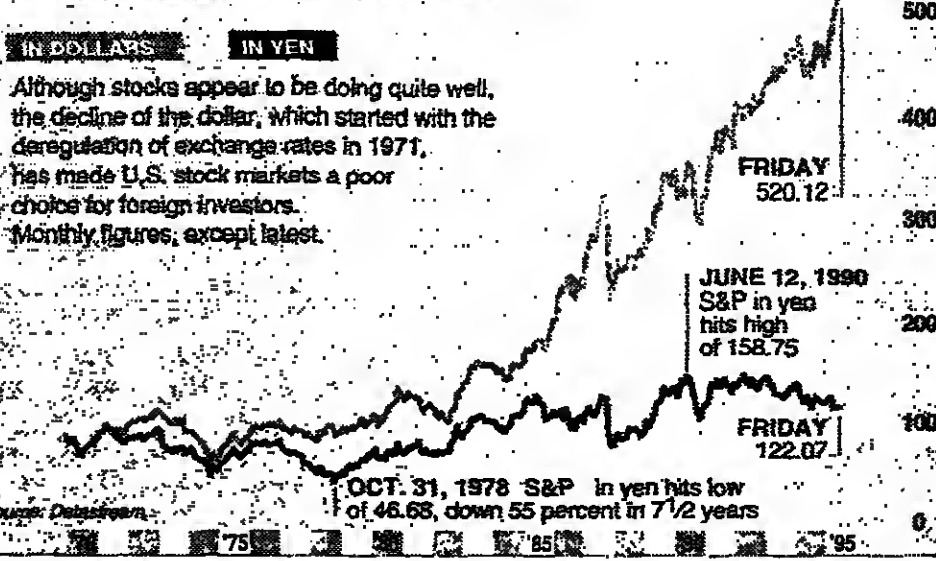
It seems odd that securities prices are rising, even as the currency in which they are denominated is falling. After all, if foreigners expect the dollar to keep falling, one would expect them to insist on higher returns.

But Richard Cooper, an economist and a former adviser to President Jimmy Carter, said that while some money managers have sold bonds and stocks to get out of dollars, the extent of the globalization of capital markets has been exaggerated. This is because most dollar-denominated assets are still owned by people and institu-

See RISE, Page 16

In Yen, U.S. Stocks Look Cheap

The S&P 500 indexed to Dec. 31, 1969 = 92.06



A Gloomy View from Tokyo

By Floyd Norris
New York Times Service

NEW YORK — The American stock market rose to record highs last week — at least if you measure it in dollars. But viewed from Tokyo, the market looks very different.

Measured in yen, the Standard & Poor's 500-stock index fell to its lowest level in more than four years in April. Even with the surge last week in stock prices, which coincided with a strengthening dollar, the index, measured in yen, is only 17 percent above the low hit in the 1990 recession. In dollars, the index is up 76 percent since then.

A technical analyst would immediately see a triple-top formation in the S&P yen chart, a very negative sign. The American market peaked on June 12, 1990, challenged that high but fell short in April 1992 and then did it again in February 1993. It is now 23 percent below the peak.

Those statistics help explain why some foreigners are dismayed by dollar-based invest-

ments, but they also explain the increasing talk of foreign takeovers. Valued in yen, American stocks look like bargains.

The accompanying chart shows the S&P 500 in dollars and yen since the end of 1969, when the index stood at 92.06. At its close last week, the S&P was at 520.12, a gain of 465 percent.

But over the same period the dollar has fallen to about 84 yen from almost 360 yen. Measured in yen, the S&P has risen just 91 percent over more than a quarter of a century.

Those figures do not include dividends, and so understate total returns. An American investor who bought the S&P 500 at the end of 1969, reinvested all dividends and somehow avoided paying taxes throughout the period, would have earned a compound annual return, through the end of April, of 11.2 percent, with an initial investment of \$100 growing to almost \$1,500.

But a Japanese investor would have seen an initial investment of 100 yen grow to 349 yen, a compound annual return of just 5.1 percent.

Strategists Say Nothing Can Stop the Stock Rally

By Floyd Norris
New York Times Service

NEW YORK — With the stock market hitting new highs, three Wall Street strategists — Abby Joseph Cohen of Goldman, Sachs & Co., Michael H. Sherman of Capital Investments International and Byron R. Wien of Morgan Stanley & Co. — were asked to offer insights.

They were unified on several things: Cyclical stocks are cheap; utilities are not; and there is no reason that the major averages cannot keep rising.

Q. Most of the stock market averages are hitting highs even as the dollar drops. The latest mutual-fund numbers show cash reserves for domestic funds at the lowest level since Jimmy Carter was president.

The dividend yield on the Standard & Poor's 500 is about 2.65 percent, almost as low as it was at the market peak in 1987. Technology stocks zoom ever higher, and most new software initial public offerings soar the first day of trading.

At the same time cyclical stocks are not doing well. So is this a great chance to get out of the market or is this a hull market that has a long way to go?

A. Ms. Cohen: I think it's a hull market that has a long way to go. That is because this will be a long-lasting profit recovery. The economic cycle still has a ways to go — inflation's under control, corporate profits are not only robust, but they're of very high quality.

Q. Byron, some months ago you said the Dow Jones industrial average was going to get to 4,500. Is it going to stop there?

Mr. Sherman: I still think 4,500 is a good target for the year. We're going to consolidate at this point, although the market is still a little undervalued. I don't really feel the market's going to surge ahead until sometime later on, probably during the summer.

I don't think you can look at the dividend yield quite the way we used to. Corporations are buying their own stock back. You've got to view that as a way of rewarding shareholders. And if rates go lower, as I expect they will, I think the market can go higher.

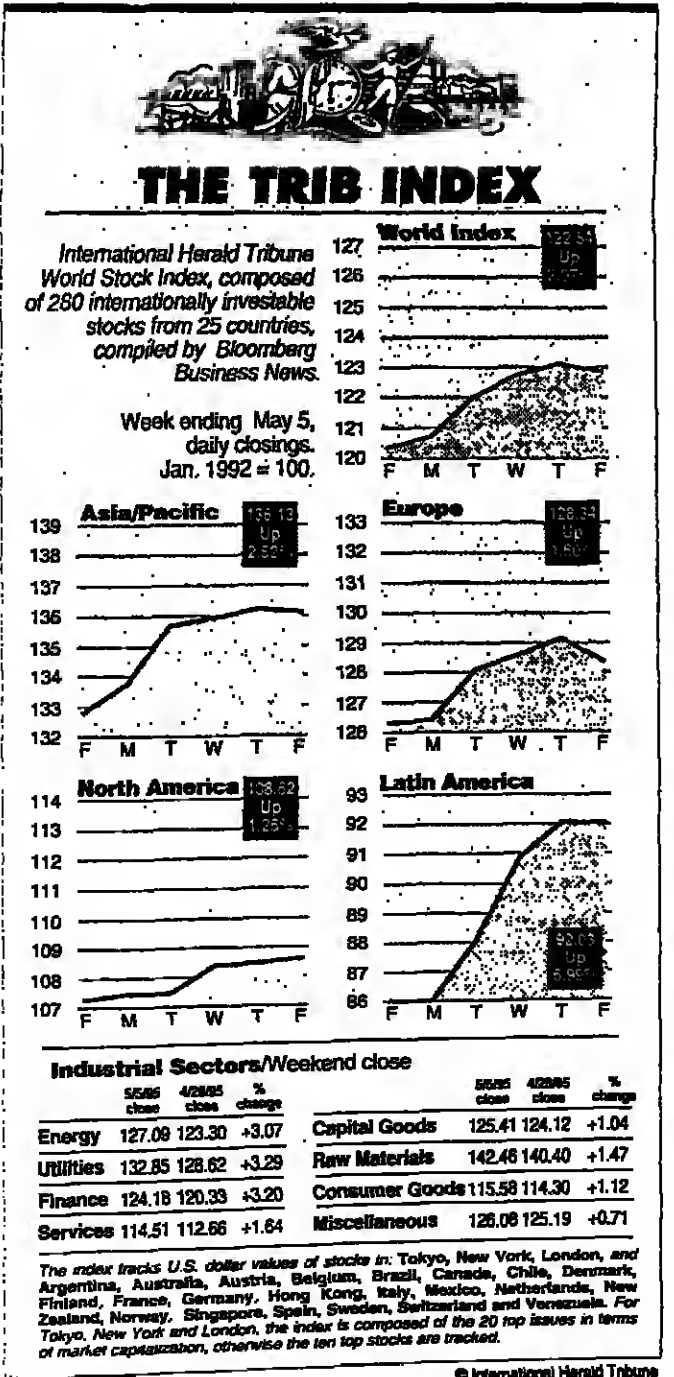
Mr. Sherman: The element that worries me most in the market is not valuation, it's earnings momentum. We've had sparkling earnings growth over the last three years and the economy, I think, is slowing down quite visibly.

Mr. Wien: The point that Mike raises is the thing that causes me the greatest concern. There have been very few times when the Fed has tightened as aggressively as they've tightened and the economy has slowed and year-over earnings have been up. But I think you will see better earnings in 1995 than in 1994, and even better earnings in 1996.

As far as I know, there's never been a time when the Fed has tightened so aggressively and the economy has slowed and year-over earnings have been up. But I think you will see better earnings in 1995 than in 1994, and even better earnings in 1996.

Ms. Cohen: I'm not worried. Normally, the U.S. economy will flip over into recession when there's lots of excess inventory, when inflation is high and rising and ugly and the Fed.

See RALLY, Page 16



CURRENCY RATES									
May 5									
Currency	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$
Amsterdam	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Berlin	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Brussels	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Frankfurt	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
London	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Madrid	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Mexico	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
New York	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Paris	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Porto	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Stockholm	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Switzerland	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Tokyo	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Zurich	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70

Trade Tiff Threatens Stability Of Markets

By Carl Gewirtz
International Herald Tribune

PARIS — Financial markets are heading for an upset, analysts warn, if the United States follows through on its threat to initiate trade sanctions against Japan after talks between the two countries collapsed over the weekend.

This is not the first time that the discussions aimed at opening the Japanese market to U.S. auto products have failed. But up to now each breakdown has been followed by a resumption of negotiations, so analysts are not prepared to believe that the latest setback will inevitably result in Washington's following through on its threat.

Nevertheless, there is concern that the exceptionally favorable U.S. financial conditions could hulk Washington into believing that it has little to lose at this time by initiating a trade war with its biggest creditor.

The mere thought, said Jim O'Neill, a London-based analyst at Swiss Bank Corp. is terrifying, opening a specter of "ugly conditions in financial markets, damaged prospects of world growth and threatened job security everywhere."

The dollar and Japanese stock prices are expected to be the first victims of the new insecurity when Tokyo markets re-open Monday after having been closed for holidays most of last week.

Other Asian stock markets are expected to suffer as well, as the region is dependent on foreign trade.

The favorable background for U.S. action is a booming market in stocks and bonds. The stock market, rallying for the past six months, set record high Wednesday when the Dow Jones industrial average closed at 4,373.15. Although the index, widely considered the bellwether of the American economy, ended the week 29.75 points lower, many observers see the Dow climbing above 4,400.

Prices in the U.S. credit market are also surging, causing bond yields to drop to levels not seen in over a year.

The markets are responding to a number of factors, not least that U.S. economic growth is slowing to a pace that relieves worries about future inflation and eliminates worries that official interest rates might need to rise anytime soon. Lower rates are good for business. So is the lower dollar — currently barely above its record lows against the

See RISE, Page 16

Poland Says It Will Miss Deadline to Sell Banks

Reuters

WARSAW — Poland cannot complete the privatization of nine large banks by the end of 1996, a deadline the country vowed to meet when it applied for Western support for the plan, Finance Minister Grzegorz Kolodko said on Saturday.

So far Poland has privatized three out of nine former central bank branches and two more, Bank Gdanski and Powszechny Bank Kredytowy, are slated for sale late this year.

But Mr. Kolodko said it would be hard to sell the four remaining banks, Powszechny Bank Gospodarczy SA, Bank Zachodni SA, Pomorski Bank Kredytowy SA and Bank Depozytowo-Kredytowy SA, in 1996 even if they were merged and floated as one.

"At this point it is hard to imagine that all nine banks could be privatized by the end of next year," Mr. Kolodko said. "First of all, there is a demand

barrier," he said, referring to the large amount of bank stocks already on the market.

Poland set the 1996 deadline in a privatization plan in 1991, when it asked seven Western governments to support the plan with about \$700 million in capital to help the banks clean up their bad-debt portfolios.

But Mr. Kolodko said that because the schedule could not be kept, Poland would discuss with the United States and other donor countries a possible change of the deadline.

"We will talk with the participants of the fund about a new deadline of the completion of the privatization," Mr. Kolodko said.

Finance Ministry officials said the program was delayed after a controversial sale of Bank Slaski SA early in 1994, when the government and the

bank's officials drew fire for underpricing and mismanaging the issue.

The next privatization, of Bank Przemyslowo-Handlowy SA, came only in January when bearish market sentiment forced underwriters to take up almost 40 percent of the 50 percent public offer.

Jaroslaw Biernacki, head of the ministry's banking department, has said that banking privatizations were increasingly difficult because the market had become saturated with banks.

"Banks now account for 40 percent of the Warsaw bourse's capitalization, and it is not easy to place several financial institutions over a short period either on the domestic or foreign markets," he said.

Separately, ING Bank Warsaw, the Polish branch of Internationale Nederlanden Bank NV, and Bank Slaski

plan to launch an open-ended investment fund later this year. ING's general manager, Stan Szczurek, said.

Mr. Szczurek told Gazeta Wyborcza newspaper that the two banks planned to offer a choice of investment strategies ranging from high-risk speculative stocks to low-risk debt instruments, mainly Treasury bonds and bills.

Internationale Nederlanden Bank holds a 25.9 percent stake in Bank Slaski.

Gazeta Wyborcza quoted Mr. Szczurek as saying the analytical team of London-based Barings Securities, a unit of ING Securities, will play a large role in the new fund's management.

So far Poland has only one open-ended investment fund, managed by the Pioneer Group Inc.

India Rushes Petroleum Products to Energy-Starved North

Agence France-Presse

NEW DELHI — The Indian government, faced with a looming fuel crisis, has begun massive delivery of petroleum products to energy-starved regions in the north, officials said Sunday.

The officials quoted the secretary of the Petroleum Ministry, V. L. Kelkar, as saying that refineries had maximized production and that railways had been asked to deploy 800 tankers to ferry diesel and gas to the eight affected northern states.

Mr. Kelkar assured governments in the fuel-starved states Saturday that "the highest peacetime movement of road transport is taking place" to bring energy products to areas suffering shortages.

A breakdown last month in a giant refinery near New Delhi and disruptions at a fuel-handling port in the west disrupted supplies to the northern states, which supply much of India's grain. The region has the country's greatest number of vehicles.

Parliament reacted angrily last week to the shrinking fuel supplies. Lawmakers warned that shortages would hit industries and disrupt harvests.

Petroleum Ministry officials quoted Mr. Kelkar as saying that his department had built up fuel reserves for two months and that he wanted to allay fears of future disruptions.

A quarter of a million tons of diesel fuel was being held in government reserves, he said, while 1.2 million tons of gas would be imported to meet the region's sudden demand for petroleum products.

A variety of petroleum products was also being procured from "unconventional sources," Mr. Kelkar added, as New Delhi had ordered three southern refineries to meet the demand of the northern states.

India's consumption of petroleum products is growing at 6 percent to 7 percent a year and is expected to vastly outstrip local production, at 150 million tons, by 2010.

Crossing Invisible Barriers at National Borders

By Philip Crawford
International Herald Tribune

PARIS — Take a 32-year-old Californian who speaks fluent Japanese and French and whose interests center on fitness, nutrition and the beauty industry. Put her in Paris in the 1990s.

Factor in an education that includes a bachelor's degree in biology from Stanford University and a master's degree in business administration from Harvard. What type of company might she create?

The answer is a tiny international consulting firm whose founder, Laurel Skurko, has proved that cross-border entrepreneurship need not be the sole domain of multinational corporations with armies of researchers, lawyers and accountants. Indeed, Linc International has only one full-time employee: Miss Skurko.

Linc's stock in trade is identifying ideas and products that have been successful in one country and finding ways to bring them into others. While its specialty is introducing U.S. products to Japanese consumers, it also

builds bridges between Europe and Japan and from the United States to Europe.

For example, Linc recently orchestrated the arrival in France of Domino's Pizza, the American delivery staple. Working for two partners, one French and one American, who sought the rights to establish Domino's franchises in France, Linc conducted a competitive analysis of the fast-growing, French pizza-delivery market and aided its clients in developing a 10-year business plan.

The partners were rewarded with Domino's master-franchise rights for France over several competitors.

Linc's evolution has mirrored Miss Skurko's personal musings and her relationship with Japan, where she moved at age 13 — "before I'd ever tasted sushi" — when her father's company posted him there. Returning to Tokyo in 1985 after four years at Stanford (where she had started a business called Stanford Aerobics, which offered exercise classes and lectures on health), she noticed some changes in Japanese culture.

"Japanese dietary and exercise habits had deteriorated," she said. "They had become more American. I decided I had a mission: to be the person

behind a new fitness movement in Japan."

Her timing was fortuitous. Ito-Yokado Co., the huge Japanese retailer, was then planning to open a chain of health clubs in its stores, and it hired Miss Skurko as a consultant on matters such as how to design aerobics classes, who to hire as instructors and how to motivate clients.

Gradually, Miss Skurko developed a reputation that led to appearances on fitness-oriented television shows and to her writing of a regular column entitled *Laura on Health* for the Asahi Weekly news magazine.

"Laurel," she explained, is nearly impossible for Japanese people to pronounce.

In the late 1980s, Linc helped bring American-made stair-climbing machines, known well to health-club denizens, to Japan by introducing them to a medical-equipment company that was testing cardiac rehabilitation aids. She also played the middleman in franchising the Michigan-based Smoke Stoppers smoking-cessation program to a Japanese company.

"The aim is to be the link between the American business person and the Japanese business person," Miss Skurko said, adding that she returned to business school in order to learn

U.S.-style marketing. She came to France in 1991 to work with Procter & Gamble Co. on increasing its French market share. She then decided to base Linc in France, where she has relatives.

One of Miss Skurko's current clients is a major Japanese cosmetics concern. Her task, she said, is to "show them how the American idea of beauty is evolving and how they can make it attractive and marketable to Japanese women." Another client is a company that bought Vincent van Gogh's final residence, northwest of Paris, and is marketing it as a tourist destination.

Linc's product typically includes the preparation of lengthy research reports aimed at helping clients gauge the potential of their products in overseas markets. Miss Skurko receives time-based consultancy fees, out of which she hires part-time help to carry out research, report translations, and legal and accounting tasks.

Linc has, of course, suffered some setbacks. One was a recent attempt to sell the smoking-cessation program in France. "I don't think," Miss Skurko said, "that the French market is quite ready for the idea."

Articles in this series appear every other Monday.

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Continued on Page 17

SHORT COVER

Italy Inflation Rises to 5.2% in April

ROME (AFP) — Italy's inflation was 5.2 percent in April, compared with April 1994, the Italian statistical institute said Saturday. Prices increased 0.5 percent from March.

The latest increase provides evidence that Italy's inflation rate is heading upward, at least partially because of the lira's fall, Istat said.

The sharpest price increases over March were in housing, up 1.5 percent, and clothing, which rose 0.7 percent.

Nintendo Delays Game's Premiere

SEATTLE (NYT) — Nintendo of America Inc. said its Ultra 64 video-game player would not be ready in time for the 1995 Christmas season.

Nintendo said Friday that it would introduce the new machine in April 1996.

Nintendo said that the final chipset for the Ultra 64 had just been completed and that it would unveil the machine at its annual Video Game Exhibition in November in Makuhari, Japan, and at the Consumer Electronics Show in January.

India's No. 1 Steelmaker Diversifying

NEW DELHI (Reuters) — India's biggest steel company, the state-run Steel Authority of India Ltd., is diversifying into new areas, Chairman M. R. Nair said the company would move into high-value-added specialty steel products and launch joint ventures for power, cement and shipping projects to increase profitability and turnover in the next few years.

Malaysia Firm Buying Chemical Ships

KUALA LUMPUR (Reuters) — Malaysian International Shipping Corp., the country's national shipping line, plans to focus its immediate expansion plans on the chemical tanker sector, the Business Times newspaper said Saturday.

"At present we have far too many jobs," the daily quoted Managing Director Ariffin Alias as saying. "We should slow down and take stock."

"Our expansion plans now will focus on tankers for chemical, crude oil and vegetable oils."

MULTIMEDIA: Seeking Niches

Continued from Page 13

record companies would rather stay on the ground."

Some musicians might bypass the record giants entirely, issuing their songs over the Internet's Worldwide Web. Frustrated by his record company's refusal to release albums by his former group Squeeze, the British rocker Chris Difford speculated that the Internet might function as an ersatz music distributor. "Our fans want an album entirely composed of B-sides," Mr. Difford argued, "but the record company will not publish it. So offering the songs on the Web for a subscription fee would make a sensible alternative."

Persuading Internet surfers to pay for access to information and entertainment has been a major sticking point for the network's commercial potential. "You can't just put up a toll-booth and say, 'Pay here,'" quipped Jane Metcalfe, presi-

dent of Wired, the monthly multimedia bible published in San Francisco.

The magazine's latest venture is an on-line version of the publication called Hotwired that has left its hip print parent in the cyberspace since being launched last October. Subscribing to Hotwired is free, and some 40,000 "subscribers" a day tap into what Ms. Metcalfe prefers to call a cyberstation, not an on-line magazine. The project is supported by advertisers, who pay around \$30,000 for a site on the cyberstation.

In contrast to television and print media, where advertisers cannot be sure how many people have seen their ads, she said, Hotwired gives advertisers an exact accounting of the number of users who clicked onto the site and what pages they consulted on a multipage promotional package.

Internet address: CyberScapes@lib.demon.co.uk

Trump and Pritzker Settle Feud Over New York Hotel

By Diana B. Henriques
New York Times Service

NEW YORK — Donald J. Trump, the New York developer, and Jay A. Pritzker, the Chicago financier, have settled a long-running legal feud over the management of the Grand Hyatt Hotel in New York, which they jointly own and which the Pritzker family's Hyatt Corp. manages.

Neither Mr. Trump nor Mr. Pritzker would comment Friday on the legal arrangement, which ends nearly two years of bitter litigation. A spokesman for the Trump organization confirmed that the dispute had been settled, but

refused to comment on any details. People familiar with documents signed by both sides said the settlement cleared the way for substantial renovations at the convention hotel, which flanks Grand Central Terminal in Manhattan. Mr. Pritzker, while refusing to discuss the litigation, said Friday that he hoped work on the hotel "could begin soon — although we are not ready yet to announce anything."

According to one person who has seen the details of the settlement, the deal gives Mr. Trump a role in the management of the hotel and in the proposed refurbishing project, compensates him for \$2.4 million in legal expenses, reduces Hyatt's manage-

ment fee and obliges the Pritzkers to advance \$25 million toward the remodeling work.

It also revises certain provisions in the partnership agreement between Mr. Trump and the Pritzkers, with an eye to reducing future friction in what has been an extremely rocky corporate marriage.

The Pritzkers and Mr. Trump have been equal partners in the hotel since its initial renovation in 1979, a project that thrust Mr. Trump into the spotlight as a developer. But the relationship grew stormy in 1991, when Mr. Trump experienced financial difficul-

ties in the rest of his real estate and casino empire.

Those back-room arguments broke into the open in July 1993, when Mr. Trump sued the Pritzkers, contending that Hyatt's management of the hotel had been marred by questionable accounting practices, undocumented spending and inappropriate transactions with affiliated companies.

Hyatt denied any financial improprieties and Mr. Pritzker dismissed his partner's lawsuit as typical of "what kind of partner Trump is." He countered with a lawsuit of his own in March of last year, accusing Mr. Trump of not fulfilling his duties to the

partnership by failing to remain solvent in the past, by pledging his stake in the hotel to some of his creditors and by refusing to pay his share of the refurbishing project.

The settlement brings an end to both of those lawsuits. According to people on both sides of the dispute, the litigation has already resulted in the dismissal of some employees of the hotel and the referral of some questionable financial matters to the Manhattan district attorney's office. Gerald McKelvey, a spokesman for that office, Friday declined to comment on whether those matters were under investigation.

The Week Ahead: World Economic Calendar, May 8-12

A schedule of the week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Asia-Pacific

May 8 Melbourne April job vacancy index.
Sydney March retail sales.
Tokyo Trade balance figures for the first 20 days of April.
Tokyo March average lending rate for new loans.
Hong Kong Fourth-quarter gross domestic product estimates.
Canberra Treasurer Ralph Willis to make annual budget statement for the fiscal year beginning July 1.
Glasgow, South Australia 1995 international Wool Forum.

Europe

May 8 Amsterdam April consumer price index.
Basel Bundesbank President Hans Tietmeyer chairs meeting of Group of 10 central bank governors.
Rome February EU trade balance and March non-EU trade balance.
Stockholm Preliminary April unemployment.
Frankfurt February trade balance and current account.
Zurich April unemployment rate.
Expected anytime this week.
Frankfurt January industrial production, manufacturing orders and manufacturing output. Final April cost of living. Final March M3, from a fourth quarter 1994 base.
Paris February M3.
May 9 Düsseldorf The Bundesbank council member Reinhold Jochimsen holds a news conference.
Frankfurt Federal Bond Consortium meets to set terms on first tranche of 10-year government bonds.
Munich The Bundesbank council member Hans-Jürgen Kohnke holds a news conference.
May 10 Amsterdam 1994 foreign trade balance.
Madrid April unemployment rate.
Oslo April consumer price index.
Paris Fourth-quarter industrial production.
May 11 Bonn German mediation committee, from both houses of parliament, discusses the 1995 budget.
Copenhagen First-quarter unemployment. March industrial production.
London April retail price index. April distributive trades survey. February value trade balance. Quarterly inflation report.
Washington Senate Finance Committee hearing on legislation to establish a review board for the World Trade Organization.
Washington House telecommunications subcommittee hearing on telecommunications reform.
Arlington, Virginia The American Gas Association releases its weekly U.S. natural gas inventory report.
Washington The Mortgage Bankers Association of America releases its weekly report on mortgage applications.
New York Money Magazine/ABC News releases its weekly consumer confidence index.
Mexico City Mexico's central bank publishes its balance sheet. Average interest rate. March trade balance.
Washington U.S. Department of Energy issues its weekly report on U.S. petroleum stocks, production, imports and refinery utilization.

Americas

May 8 Washington Senate Budget Committee considers ways to balance the federal budget by the year 2002.
San Jose, California Semiconductor Industry Association reports April book-to-bill ratio.
Sao Paulo April automobile production.
Bogota April auto sales.
Santiago Trade of the first two weeks of April.
May 9 New York Continental Corp. stockholders vote on proposed \$1.1 billion, 520-share acquisition offer from CNA Financial Corp.
Washington Senate Finance Committee hearings on the future of the Medicare program.
Washington The Labor Department reports revised productivity and costs for the first quarter.
Washington Commerce Department reports March wholesale trade.
New York Johnson Redbook research service releases its weekly survey of same-store sales at more than 20 U.S. department, discount and chain stores.
Santiago Chilean public school teachers strike for higher pay.
Washington American Petroleum Institute issues its weekly report on U.S. petroleum stocks, production, imports and refinery utilization.
Mexico City The central bank announces the results of its weekly auction of government securities. April inflation. February industrial production.
Rio de Janeiro The central bank will sell central bank bonds at weekly auction.
May 10 Kansas City, Missouri The Federal Reserve Board releases its "Tan Book" report on current economic conditions.
Toronto The public debt implications of Quebec secession will be discussed at a conference sponsored by the Fraser Institute.
Washington Senate Finance Committee hearing on legislation to establish a review board for the World Trade Organization.
Washington House telecommunications subcommittee hearing on telecommunications reform.
Arlington, Virginia The American Gas Association releases its weekly U.S. natural gas inventory report.
Washington The Mortgage Bankers Association of America releases its weekly report on mortgage applications.
New York Money Magazine/ABC News releases its weekly consumer confidence index.
Mexico City Mexico's central bank publishes its balance sheet. Average interest rate. March trade balance.
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RALLY: Strategists Stay Bullish

Continued from Page 13

decides that a recession is the lesser of two evils. That's not the case. What the Fed was trying to do was to slow things down to a more reasonable rate of expansion.

We expect that there will be profit gains of close to 10 percent next year.

Q. Bull markets typically end with signs of excess in a variety of areas. Is the boom in technology stocks an example?

Mr. Wren: Where do you see it? Intel, which is one of my favorites, is now selling at, at most, 13 times earnings. And that's been one of the leaders in this tech move.

Mr. Sherman: It's not just that Intel was too cheap, which it was. People are always worried about the growth margins of Intel being unsustainably high, and now they're woken up to the fact that they're going to remain unsustainably high for an unsustainable amount of time.

Mr. Wren: Technology is the capital equipment of the 1990s. That's one of the reasons why it may have a more sustaining run than it's had in the past.

Ms. Cohen: We have had a four-year bull market in technology stocks because we have had an elongated period of fabulous fundamental performance on the part of these companies. However, it's important to recognize that the sustainability of the overall bull market will probably require that the leadership broaden out from the technology center into other centers of the market as well. And that's one of the things that I think will happen.

You take a look at some of the more basic cyclical stocks and they are trading very, very cheaply because investors don't want to pay for future earnings. I think that will change.

Mr. Wren: The real decision investors have to make is whether they are willing to take a stand on how long the cycle's going to be. I think it'll last at least until 1997. On that basis, it's very likely that we haven't seen the peak of cycle earnings yet for the economically sensitive stocks. If you're willing to make that judgment then there

are a lot of cyclical that are very attractive.

Mr. Sherman: The cyclical stocks are cheap. They generate enormous cash flows, and I think as long as the world economy remains in decent shape, the prices for basic raw materials may not go up from here, but they aren't likely to fall much until there's a real honest-to-goodness recession.

Q. Why don't you name a few cyclical stocks since you're all in agreement that cyclical are wonderful investments?

Mr. Wren: I like the aluminum, and I like Alcoa in particular. There are some paper stocks, Bowater and Champion. The autos are very cheap. I like Chrysler and Ford.

Ms. Cohen: Among the commodity-oriented stocks I would prefer something like the aluminum stocks, primarily because they haven't performed very well yet. Alcoa, because of the strong cash-flow generation and the very capable management, kind of sets itself apart.

Q. Nobody has anything good to say about the oil?

Mr. Wren: I have a lot of good to say about oil. My own forecast for the price of oil at the beginning of this year was for it to go to \$25 a barrel and it's gone to \$20. Most portfolios should be at least equally weighted in oil. You have a very unstable situation in the Middle East, with an increasingly well-armed and impatient Iran and a Saudi Arabia that is weak both politically and economically — that's not a happy combination. I think there is a chance of an interruption in supply out of the Middle East.

But even on the basis of supply and demand alone I think the price of oil can work its way higher. I think that this is an area with limited risk that most portfolio managers are asleep on.

Q. So what's going to underperform the stock market?

Ms. Cohen: One area that is likely to continue to underperform would be some of the extreme defensive issues including some of the electric utilities. The reason for that primarily is that people focus on that sector when the market is doing poorly.

DOLLAR: Sanctions Pose Threat

Continued from Page 13

yen and the Deutsche mark — which enables U.S. industry to recapture export markets.

The dynamics of the domestic economy would appear to immunize the capital markets from any upset in relations with Japan, and if a weaker dollar were to result, that decline would be well timed to make U.S.-made goods more attractive abroad and assure that the domestic economic slowdown does not turn into a recession.

But this view, analysts caution, overlooks the fact that the United States is also hostage to Japan, which through massive intervention in the foreign exchange market aimed at slowing the yen's appreciation, holds an estimated \$130 billion as reserves.

Japan could dump the short-term Treasury securities these dollars are invested in, wreaking havoc in the U.S. bond market and driving the dollar to unimpaired lows.

Japan would also suffer. It would risk losing money on its investments by driving prices

down and, more importantly, would inflict massive harm on its export industry, which is already screaming that it cannot survive with the present exchange rate.

"It's a scenario of mutually assured destruction," said Mark Cliffe of HSBC Markets in London.

While analysts agree that Monday's initial reaction is likely to be a sharp sell-off of the dollar, there is some uncertainty about the longer-term impact.

"Yes, there is a grave danger of a free-fall in the dollar," Mr. Cliffe said. But if the Bank of Japan were to stop buying dollars in support of the yen, he added, "that could change the psychology of the markets, investors would be forced to decide what is the 'right' price for the currency."

Adrian Cunningham of the Union Bank of Switzerland noted that "imposition of sanctions might increase confidence that the dollar has bottomed and prove a catalyst for Japanese institutions to increase portfolio capital flows into the United States."

RISE: A Paradox on Wall Street

Continued from Page 13

tions who count their wins and losses in dollars alone.

"When all is said and done, the American securities markets are still domestic markets," Mr. Cooper said.

From this perspective, the depreciated dollar should increase the value of U.S. stocks because it helps raise the profits of American corporations abroad. The companies with Japanese and European subsidiaries benefit directly from the rising yen and Deutsche mark because the same level of earnings translates into more dollars in the earnings report.

But the biggest winners are American companies that export — or compete against imports. U.S. carmakers, for example, are now in the position of being able to raise prices without fear that

Japanese automakers will be able to make inroads into their home market.

Inflation is also not the problem it once was. Inflation has fallen more rapidly than predicted in the recession of 1980-82, and never rose much when the economy expanded for most of the rest of the decade.

Perhaps most important, the Federal Reserve Board's determination last year to raise interest rates in the face of uncertain economic growth apparently convinced money managers that Washington's tolerance for inflation was very low.

When the Fed acted, it steered the economy toward a soft landing. "Everything is going right from the point of view of a long expansion," said Bruce Steinberg, an economist at Merrill Lynch & Co.

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SPORTS

Thunder Gulch Stuns Kentucky Derby Favorites

By Andrew Beyer
Washington Post Staff Writer

LOUISVILLE, Kentucky — Trainer D. Wayne Lukas, who has been obsessed and often frustrated in his quest to win the Kentucky Derby, dominated the 121st running of America's most famous thoroughbred race.

He saddled three horses, and Thunder Gulch, the most highly regarded, scored a 24-to-1 upset Saturday.

He did so after stalking Serena's Song, Lukas's filly, who sprinted to the front and set a blistering early pace. Jockey Gary Stevens sent Thunder Gulch to the lead early in the stretch, and prevailed by 2 1/4 lengths over Tejana Run, as Lukas's more highly regarded colt, Timber Country, rallied to finish third.

One of the most successful thoroughbred trainers of all time, Lukas came to Churchill Downs with a 1-for-23 Derby record and the distinction of having run the most losers in the race's history. He had exuded confidence last week about Timber Country and Serena's Song — who were coupled in the wagering and favored — but he barely mentioned Thunder

Gulch, except to refer to him as the "step-child" of his trio.

Yet almost as soon as the gate opened, it was apparent that the outsider was going to be a formidable presence in the 121st Derby. Even though he broke from the disadvantageous Post 16, Stevens managed to put him into optimal striking position throughout the race. He fully validated Lukas's judgment in asking him to fly here from Hong Kong for this assignment.

Serena's Song came out of the gate in high gear, and while Corey Nakatani appeared to have a strong hold of her, she sped the first quarter mile in 22.4 seconds over the lightning-fast strip. Mike Smith deftly steered the Canadian champion Talkin Man to the rail at the first turn and put the 4-to-1 shot in perfect striking position behind the leader. Stevens also managed to avoid the tactical pitfalls that might have befallen him in the 19-horse field.

"The colt broke very sharp, and after 50 yards out of the gate I got toward the inside," he said. "I couldn't have imagined myself being in a better place. I was ecstatic."

As Serena's Song reached the half-mile mark in a swift 45.8 seconds and the six furlongs in 1:10.2, some of the speedsters

chasing her faltered, but Talkin Man appeared a formidable presence on the rail just behind her. Thunder Gulch had been sitting in fifth place early and now moved up to third just outside the two leaders. As Talkin Man cut the corner and got past the filly, Stevens glanced over and figured that he was the one to beat. "I thought it was going to be a hard-fought battle in the stretch with Talkin Man," he said.

But at the moment Stevens asked Thunder Gulch for his decisive acceleration. Talkin Man faltered; he wound up finishing 12th. The filly was finished, too, struggling home 13th. And in the matter of a few strides, the 144,110 fans saw that the outcome was no longer in doubt.

The winner covered the 1 1/4 miles in 2:01.2. Although this was the fastest Derby since 1985, the time was not exceptional, because the Churchill Downs strip was as fast as it has ever been.

The second- and third-place finishers, Tejana Run and Timber Country, both gave good performances with their strong finishes. Behind them were the stretch-running Junron, Mecke and Eliah.

Thunder Gulch earned \$707,400 for his owner, Michael Tabor, a resident of Mo-

naco who is a major shareholder in a group of betting shops throughout England. He said he had augmented his purse money in the Derby, betting both at home and Churchill Downs. "I had some sterling on it and I had some dollars on it."

At \$51, it was the best Derby victory payoff since Proud Clarion's \$62.20 return in 1967.

Thunder Gulch had looked for a while as if he might be Lukas's principal Derby contender, but when he finished a dull fourth in the Blue Grass Stakes at Keeneland, he became the forgotten horse. Next to his more glamorous stablemates, Lukas described him as a "blue collar worker."

The foreign entries did not fare well in the Derby. The Associated Press reported, "Ski Captain, the first Japanese-owned horse to compete, finished 14th. Ski Captain was making his first start since early February."

English-based Eliah did the best of the foreign contingent. He was in a little trouble early and closed some ground to finish sixth. Chadeed, also based in England, made a run at front-running Serena's Song on the backstretch but faded and wound up ninth.

Pennekamp Wins The 2,000 Guineas

NEWCASTLE, England — Celtic Swing's bid for the English Triple Crown was thwarted in the first leg as the odds-on favorite was beaten by less than a nose by Pennekamp of France in the 2,000 Guineas on Saturday.

Thought to be England's best 3-year-old in 25 years, Celtic Swing took the lead at the halfway point of the mile classic.

But Pennekamp, the second favorite and one of four unbeaten colts in the race, came from the outside and surged ahead with 100 yards left. Celtic Swing's jockey, Kevin Darley, made a late charge, but Thierry Jarnet, on Pennekamp, held on to give the owner, Sheikh Mohammed bin Rashid al Maktoum, his first 2,000 Guineas victory.

Bahri, ridden by Willie Carson, was two lengths back in third.

The victory ended more than a decade of frustration for Sheikh Mohammed, who has been chosen champion owner in British thoroughbred racing eight times but had not won the 2,000 Guineas. It also was the first English classic triumph for Jarnet.



Gary Stevens rode to a 24-to-1 upset.

SCOREBOARD

Major League Standings

AMERICAN LEAGUE			
Team	W	L	Pct.
New York	7	3	.700
Boston	6	4	.600
Toronto	4	6	.400
Baltimore	4	6	.400
Detroit	3	7	.300
Central Division			
Minnesota	7	3	.700
Cleveland	5	5	.500
Kansas City	5	5	.500
Chicago	4	6	.400
Seattle	3	7	.300
National League			
Team	W	L	Pct.
Atlanta	6	4	.600
Philadelphia	6	4	.600
Montreal	5	5	.500
New York	4	6	.400
Florida	4	6	.400
Chicago	3	7	.300
Houston	3	7	.300
San Diego	3	7	.300
Pittsburgh	2	8	.200
Cincinnati	2	8	.200

Friday's Line Scores

AMERICAN LEAGUE			
Team	W	L	Pct.
Minnesota	7	3	.700
New York	7	3	.700
Seattle	7	3	.700
San Diego	7	3	.700
Philadelphia	6	4	.600
Montreal	6	4	.600
Atlanta	6	4	.600
Chicago	6	4	.600
Baltimore	6	4	.600
Toronto	6	4	.600
Boston	6	4	.600
Detroit	6	4	.600
Cleveland	6	4	.600
Kansas City	6	4	.600
St. Louis	6	4	.600
Pittsburgh	6	4	.600
Cincinnati	6	4	.600
Houston	6	4	.600
San Francisco	6	4	.600
Los Angeles	6	4	.600
San Diego	6	4	.600

Baseball

AMERICAN LEAGUE			
Team	W	L	Pct.
New York	7	3	.700
Boston	6	4	.600
Toronto	4	6	.400
Baltimore	4	6	.400
Detroit	3	7	.300
Central Division			
Minnesota	7	3	.700
Cleveland	5	5	.500
Kansas City	5	5	.500
Chicago	4	6	.400
Seattle	3	7	.300
National League			
Team	W	L	Pct.
Atlanta	6	4	.600
Philadelphia	6	4	.600
Montreal	5	5	.500
New York	4	6	.400
Florida	4	6	.400
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Houston	3	7	.300
San Diego	3	7	.300
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Atlanta	6	4	.600
Chicago	6	4	.600
Baltimore	6	4	.600
Toronto	6	4	.600
Boston	6	4	.600
Detroit	6	4	.600
Cleveland	6	4	.600
Kansas City	6	4	.600

1980

Team	W	L	Pct.
Minnesota	7	3	.700
New York	7	3	.700
Seattle	7	3	.700
San Diego	7	3	.700
Philadelphia	6	4	.600
Montreal	6	4	.600
Atlanta	6	4	.600
Chicago	6	4	.600
Baltimore	6	4	.600
Toronto	6	4	.600
Boston	6	4	.600
Detroit	6	4	.600
Cleveland	6	4	.600
Kansas City	6	4	.600

English Rugby Team in Revolt Over Demotion

By Ian Thomsen
International Herald Tribune

LONDON — With rugby union's World Cup just three weeks away, England's team was simmering on the verge of revolt Sunday because of the dismissal of the popular Will Carling as its captain.

Carling, who had been the team's most successful captain, was demoted by the Rugby Football Union, in what appeared to many to have been a ridiculous stand on pride, for referring to the sport's national administrators as "57 old farts."

"You can't have a chap who has served England so well for so long treated this way," said the fullback Jon Callard. "We'll see the power of the England squad. At the end of the day, who is going to bring back the World Cup, the players or the committee?"

Carling's teammates are to meet for training Monday, with the team scheduled to leave May 17 for the World Cup in South Africa. England is, or was, rated as among the top four contenders.

"A lot of us are quite shocked," said

the center Jeremy Guscott. "It's a case now of 'Watch this space.'"

With Carling as captain, England's team had recorded 37 victories, three Grand Slams (for going undefeated) in the annual Five Nations Championship of Europe, and a second-place finish at the 1991 World Cup. At 29, he was playing his best years, revitalized by the first-year coach Jack Rowell, who said that he, too, was shocked by the decision.

The RFU has become a commercial success, demanding vast endorsements from sponsors while stubbornly refusing to pass along financial rewards to the players, who are regarded as amateur and therefore in the game for the fun of it.

Carling may have been disrespectful, but there could be little arguing with his statement, made at the end of a 30-minute documentary by the TV program "Fair Game": "If the game is run properly as a professional game, you do not need 57 old farts running rugby. What I think gets me and a lot of players now is the hypocrisy of the situation. Why are we not just honest and say there is a lot of money in the game? It is becoming a professional game."

His characterization of administrators seemed to have been confirmed by the RFU's quick reaction. Its five officers, ignoring an apology by Carling, announced Saturday that it would be "inappropriate" for him to represent England as captain.

And in further appearing that they didn't want anyone reminding them that players are infinitely more important to the game than its administrators, the RFU even excluded Rowell from deciding Carling's punishment.

"I specifically excluded Jack Rowell from the decision," said the RFU's 69-year-old president, Dennis Easby. "I did not want him to be a party and, therefore, did not seek his opinion."

Carling was criticized by Rowell and other rugby officials for taking on the administrators at the worst possible time, but there was a larger feeling that the administrators had done greater harm to themselves by failing to account for the superior needs of the game.

The incident will surely detract from the showcase World Cup, pointing out the deficiencies of amateur rugby union just as it is being threatened by its profes-

sional rival, rugby league, under the financing of media moguls Rupert Murdoch and Kerry Packer.

"I realized that I had said something very stupid," Carling told the Mail on Sunday, one of several newspapers to attack the RFU for its decision. "But I just couldn't believe that anybody could be so offended that they would take such draconian action without even allowing me to put my side in a fair hearing."

"Surely there is a much bigger agenda than this," he added. "Like winning the World Cup for instance. They accused me of disrupting the unity of the RFU but now they are quite happy to ruin our preparations with just three weeks to go."

Though Carling may retain his position at center, he will not easily be replaced as captain, a position he earned at 22. And, as captain, he had learned to react to strategy and dictate tactics to his 14 teammates on the fly.

But the hard, fast grounds of South Africa have long been a bane to England's grinding and pummeling style: no sooner had Carling been demoted than the bookmaker William Hill was



Will Carling: "I just couldn't believe that anybody could be so offended."

lengthening the odds against England from 4-to-1 to 9-to-2.

The veteran No. 8 Dean Richards, who would have been one of those most likely to replace Carling, said, "I would not accept the captaincy in these circumstances, even if pressed by Jack."

"I don't know if anybody else would," Richards said. "Tomorrow night the players have got to sit down and chat over the events of the weekend, but I am sure I speak for all of them by saying that the punishment is totally over the top and outrageous."

Black Magic Zaps Conner in Opener

By Barbara Lloyd
New York Times Service

SAN DIEGO — On a day with high clouds and a brisk breeze brushing the course, the two yachts in the America's Cup match paced each other like two heavyweights in the ring together for the first time.

It was New Zealand's Black Magic 1 that prevailed, using an edge in boat speed and a better eye on wind shifts to beat Dennis Conner's Stars & Stripes team on Young America by 2 minutes, 45 seconds Saturday.

The victory gives the challengers a 1-0 record in the five-of-nine America's Cup series. It also gives New Zealand, which has tried and failed three times before to get past the challengers' trials, its first victory in the history of the America's Cup.

"They were relieved that they were at least competitive with Young America," said Alan

Sefion, a Team New Zealand manager. "That was the \$64,000 question. They were a bit uptight in the first two legs, and were nervous. But then they settled down after that."

Conner said that his boat's electronics went out right after the start. His crew was "flustered," he said, that they couldn't sail Young America to its potential. But he also gave credit to the New Zealanders.

"The reason we lost was not because we didn't know the boat," he said. "The better boat won today. They sailed a little better, and had a little better speed upwind."

Still, the Conner crew was not at its tactical best when it needed it most — in the first leg. The wind was coming in from the west, at about 14 knots at the start. In classic match-racing form, the two yachts — the jet-black Kiwi challenger and the mermaid-splashed

American defender — circled each other aggressively.

With less than a minute before the start gun, the opponents broke off, both on starboard tack, and headed up to the mark. The seas, which were slopping at the boats' topsides in six-foot (1.8-meter) swells and chop, didn't help with timing. But both teams, which had been using three months of trial racing to get to that single moment, crossed the line with only a one-second difference between them.

Black Magic 1 went to the right side of the course and Young America to the left. The crew on Young America could be overheard on microphones talking about how the wind looked as if it might go left. But the opposite proved to be the case. Within seven minutes of the start, Young America tacked to check in with its New Zealand adversary, and found that the news was not good.

Black Magic 1 was about two boat lengths ahead. Several times after that, Young America came back, having been forced each time by Russell Coutts, the Kiwi skipper, to tack back to the left for clear air.

But the key maneuver came about three-quarters of the way into the first leg. Having gained some on the left, Paul Cayard, who was steering Young America for Conner, dipped under Black Magic 1's stern. Cayard headed off to the right, where he ended up having to sail past the lay line, which meant sailing more distance than he had to. Apparently happy to accommodate, Black Magic scooted off to the left, where there appeared to be more wind.

"Knowing the wind was going to come in from the left, because it had already gone to the right, they should have tacked under the lee, and gone back to the left-hand side of the course with Black Magic 1," said Laurent Esquier, project manager for the former New Zealand team, Tag Heuer Challenge. "Then Young America could have taken advantage of the left-hand shift."

Conner said Cayard decided to keep going rather than settle for a safe leeward position.

"It's easy to second-guess it now," Conner said. "I think Paul thought we could make a close duck there, go up 30 seconds and tack, and they might have a hard time getting across on port at the mark."

The black boat went on to round the first mark with a 31-second lead. In the downwind leg, the end fitting — or jaw — on Black Magic's spinnaker pole broke. The gear failure, a rare incident for the polished New Zealanders during their challengers' trials, could have demolished their lead, and almost did.

Young America was making up time and had moved up to within two boat lengths of Black Magic 1. But a poorly executed jibe on Young America cut into the mermaid boat's surge. At the second mark, Black Magic's lead was down to a meager 12 seconds. But that's when the boat speed on Black Magic started to kick in.

Not only was the wind swinging left and right in 10-degree shifts, but it was also dropping for a while to nine knots, then picking up later to 17 knots. As the breeze began to dwindle, Black Magic 1 looked as if it was coming into its own.

Having stretched out in the second beat to windward, the Kiwi team sailed around the third mark with a far more comfortable 42-second lead.

"The wind was shifting, and they were punching into big seas," Sefion said. "But they sailed it beautifully."

The team also had taken advantage of having tools on board. New Zealand's crewmen, Jeremy Scantlebury, and Dean Phipps, could be seen on deck working like mechanics on duty fixing the broken spinnaker pole fitting. By the next downwind leg, the pole was ready to go. At the fourth mark, Black Magic 1 was 1:22 in the lead.

The team appeared to sail conservatively after that, raising and lowering its sails at a distance before the last mark.

"All in all, congratulations to the Kiwis," Conner said. "They sailed a very good race, and they deserved to win today."



Aboard Black Magic 1, the Kiwi crew battled high seas and Dennis Conner's Stars & Stripes team to take a 1-0 lead.

Battered Fighter In Las Vegas Is in Critical Condition

The Associated Press

LAS VEGAS — Challenger Jimmy Garcia was in critical condition Sunday after surgery for a blood clot on his brain after taking a beating in his WBC super featherweight title fight against Gabriel Ruelas.

A spokesman at University Medical Center said Garcia's vital signs were stable but his prognosis was unclear.

Ruelas battered the game but outclassed Garcia nearly at will for more than 10 rounds Saturday before the referee, Mitch Halpern, stopped the bout 25 seconds into the 11th round.

The fight topped the undercard of the lightweight title fight between Ruelas' brother, Rafael, and Olympic gold medalist Oscar De La Hoya.

De La Hoya, one of boxing's fastest rising stars, knocked Rafael Ruelas down twice in the second round, then stopped him with a barrage of punches to add the IBF title to his WBO crown.

SIDELINES

Torrance Wins Golf's Italian Open

MILAN (Reuters) — Sam Torrance of Scotland enhanced his bid for an eighth straight Ryder Cup berth this year with a two-shot victory Sunday over Spain's José Rivero in the Italian Open.

Torrance, 41, who broke the course record with 9-under-par 63 on Saturday, shot a last-round 67 to finish at 269. Rivero, who birdied three of the last four holes, shot 66.

Stephen Keppeler, a former British Walker Cup player who is now a club pro in suburban Atlanta, shot 5-under-par 67 and was tied for the lead with Jim Gallagher going into the final round of the BellSouth Atlanta Classic.

Martinez Routs Hingis in First Final

HAMBURG (AP) — Conchita Martinez, the Wimbledon champion, put on a powerful display of clay-court tennis to overwhelm Martina Hingis, the 14-year-old prodigy, 6-1, 6-0, and win the Citizen Cup Sunday.

Hingis, who has been on the pro tour for six months, was overcome by stage fright in her first professional final and had a series of unforced errors that made Martinez's job easier. But, she said, "I am very pleased with what I achieved here." She will climb from No. 60 in the rankings to a place in the top 30.

For the Record

Russia, on second-half goals by Valeri Kechinov, Nikolai Pissarev and Mukhsin Mukhamadiev, beat the Faeroe Islands, 3-0, in a European Championship qualifying match.

Diego Armando Maradona resigned as coach of the Racing Club team after Juan De Stefano, the club president who had hired, was not re-elected.

Peltonen's 3 Goals Against Swedes Give Finns Title

The Associated Press

STOCKHOLM — Ville Peltonen's three goals led Finland to a 4-1 victory over archrival Sweden in Sunday's final of the World Hockey Championships.

It was Finland's first gold medal in a major hockey championship. In the two previous finals, Finland lost to Sweden in 1992 and to Canada last year, and won a silver medal in the 1988 Winter Olympics.

Peltonen broke a tight game open by scoring two of his three goals within 2:17 late in the second period.

The 21-year-old left wing, who was the San Jose Sharks' fourth choice and 58th overall in the 1993 NHL draft, beat goalie Thomas Ostlund with a slap shot from the left circle at 17:39.

Then, with only four seconds left of the period, Peltonen knocked in a rebound from close-range to make it 3-0.

Nordiques and Capitals Win Eastern Openers

The Associated Press

The New York Rangers still haven't found a way to beat the Quebec Nordiques this season, and the Pittsburgh Penguins are still having trouble with the Washington Capitals in the National Hockey League's playoffs.

The Rangers, who lost all three games to the Nordiques during the regular season, lost by 5-4 on Saturday in one of two opening-night games in the playoffs.

The defending Stanley Cup champions led, 4-2, going into the third period, but the Nordiques rallied for three goals to take a 1-0 lead in the best-of-7 Eastern Conference quarterfinals.

Joe Sakic's second goal of the game was followed by one from Bob Bassen, then Sakic scored again with 38 seconds left.

The Rangers had been 15-0-1 in games in which they led after two periods.

Capitals 5, Penguins 4: The Penguins, meanwhile, lost yet another opening game in the playoffs to the Capitals in another Eastern Conference match.

Sergei Gonchar, who scored only twice all season, had two goals and set up another during a four-goal flurry that rallied the Capitals.

Trying to duplicate last season's first-round upset of Pittsburgh, the Capitals overcame three power-play goals — two off the same penalty to Peter Bondra — to seize a 1-0 series lead.

The Capitals beat the Penguins in Game 1 of a playoff series for the fourth time in as many series since 1991. The Penguins rallied from first-game losses to win in 1991 and 1992, but lost to the Capitals in six games last season.



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